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Flurry on Timing of Summit

Moscow Asserts Speculation Is Premature

By Gary Lee Washington Post Service MOSCOW — Mikhail S. Gorbachev, the Soviet leader, has set aside the last week in October for a possible summit meeting with President Ronald Reagan in the United States, according to diplomatic sources here, and left the second half of November open as an alternative time.

The dates are tentative and not due to be set until the Soviet foreign minister, Eduard A. Shevardnadze, and Secretary of State George P. Shultz meet in Washington from Sept. 15 to 17, the diplomats said.

White House sources said the Reagan administration is now operating on the "working assumption" that a summit meeting will take place in the United States in late November.

In Los Angeles, Mr. Reagan said Friday that he supports "the idea of a summit," but declined to comment on the report about a meeting. The Associated Press reported, "You know that I support the idea of a summit," he said.

In Moscow, a Foreign Ministry spokesman, Gennadi I. Gerasimov, said Friday that it was premature to speculate on dates for a meeting. He said possibilities would be discussed at the U.S.-Soviet talks next month, Reuters reported.

[Speaking of a report by The Washington Post, Mr. Gerasimov said: "This report is incorrect."] A statement on Wednesday by Chancellor Helmut Kohl of West Germany has helped clear obstacles to a U.S.-Soviet arms agreement, Soviet officials said Thursday.

Mr. Kohl said that Bonn is willing to scrap the 72 obsolescent Pershing-1A nuclear missiles based in Germany.

Kiosk Waldheim Visits A Nazi Camp

MAUTHAUSEN, Austria (Reuters) — President Kurt Waldheim visited a former Nazi concentration camp on Friday, saying that he had a "sincere need to visit this place of horror." Jewish groups have criticized Mr. Waldheim because he served during World War II in German Army units that were implicated in the deportations of Jews in Greece and reprisals against partisans in Yugoslavia. The former United Nations secretary-general, who rejects the charges, laid a wreath commemorating 200,000 people who died at the camp, near Linz. "I feel deeply for the descendants of these victims and I believe it is our duty to ensure that such a tragedy will never be repeated," he said.



John Huston, who made some of Hollywood's finest movies, died on Friday at 81.

GENERAL NEWS ■ Seoul began a crackdown, blocking rallies, rounding up activists and intervening in a worker's funeral. Page 2. ■ In Marbella, Spain, the construction cranes that seem to outnumber tourists are a source of heated debate. Page 5. BUSINESS/FINANCE ■ Japan's jobless rate fell in July to 2.7 percent. Page 7. ■ Family-owned luxury goods makers in France face increasing pressure to sell out. Page 7.

Dow close: Down 35.71 The dollar in New York: DM £ Yen FF 1.8115 1.6325 141.90 6.0545



Troops loyal to President Corazon C. Aquino as they prepared Friday to dislodge mutineers from the headquarters of the armed forces in Manila. Mrs. Aquino, right, in a televised address in which she called the rebels "traitors."

Troops Put Down a Coup In Manila, but Rebellion Spreads to Second Island



By Keith B. Richburg Washington Post Service

MANILA — Government troops, firing mortars and dropping bombs from fighter planes, put down a coup attempt against President Corazon C. Aquino in Manila on Friday night, but rebel soldiers appeared to have taken control of the central island of Cebu. The revolt, which began when rebel troops attacked the presidential palace early Friday, was by far the most serious threat to Mrs. Aquino's fragile government, which took office 18 months ago. While other mutinies involved the largely discredited loyalists of the deposed president, Ferdinand E. Marcos, this one was organized by some of the very same soldiers who launched the revolt that installed Mrs. Aquino in power in February 1986. Their complaints appeared to center on the breakdown of security in Philippine cities and on military promotion policies that have rewarded political loyalty. [The fighting left at least 55 persons dead and more than 100 wounded, news agencies said, quoting estimates of officials and witnesses.] Military officials in Manila said Friday night that about 350 rebel troops had surrendered after a fierce daylong firefight, during which two government planes bombed the armed forces General Headquarters building, the rebels' principal stronghold in the capital. General Fidel V. Ramos, the armed forces chief of staff, said that about 50 rebel soldiers were still holed up in the sprawling camp as government troops suspended their assault because of darkness. Meanwhile, the government said it was negotiating a surrender for about 200 rebel troops from the Camelot Hotel in suburban Quezon City, after pro-government helicopters strafed the hotel and exchanged volleys of automatic weapons fire with the mutineers inside. Earlier in the day the government retook three television stations after waging pitched battles with automatic weapons and grenades that turned parts of Manila into a virtual war zone. While the government seemed to be regaining control in Manila, however, the central focus of the revolt appeared to have shifted to the island of Cebu. All five military camps there were said to have broken from Mrs. Aquino and sided with the revolt, all symbolically displaying the Philippine flag upside down in what has become the code sign for the rebels. Sketchy reports said that Brigadier General Eduardo Abenina, the regional commander for the area, had padlocked city hall in Cebu City, closed the banks and the airport, and placed the city's mayor and the island's provincial governor under house arrest. Cebu City is the third-largest city in the Philippines. General Abenina also closed down all the radio stations except one rightist station used by followers of deposed Mr. Marcos. "Cebu is effectively in rebel hands," said one foreign military attaché in Manila, who was monitoring the developments. "You'd have to invade the thing to get it back." Several spectators were killed outside the presidential palace in Manila when a crowd began shouting, "Cory! Cory!" to show their support for the government, and the mutineers opened fire on them. More than a hundred people were wounded throughout the day, including Mrs. Aquino's only son, Benigno (Noy) Aquino Jr., 25, who was apparently ambushed. He was wounded in stable condition with gunshot wounds in his leg and arm. Three companions were killed in Manila. Page 5

Insurrection Is Symptomatic of a Growing Leadership Crisis

By Patrick Smith International Herald Tribune

The mutinous troops, this time, were not loyal to Ferdinand E. Marcos. Nor, it seems, were the rebellion's leaders acting on behalf of Juan Ponce Enrile, President Corazon C. Aquino's former defense minister and a habitual contender for presidential power.

Rather, the mutiny in the Philippines on Friday, more than any of the four previous coup attempts against Mrs. Aquino, is symptomatic of a leadership crisis that has grown increasingly apparent over the past several months.

This has made the insurrection, which erupted in central Luzon and spread quickly to the presidential palace, fundamentally different from the others Mrs. Aquino has faced since her rise to power 18 months ago.

To understand this attempt to dislodge Mrs. Aquino, the Philippine administration need look no further than itself.

No one in Manila seemed surprised to learn that the insurrection's immediate cause did not appear to be personal ambition, but the clearly deteriorating security situation and the government's inability to reverse it. And the deep frustration behind the assault on the presidential palace is not limited to those in uniform.

Philippines of all classes express growing disappointment with a leader who has shown little sign of being up to the many critical tasks confronting her. Even those who stand to benefit most from Mrs. Aquino's sense of moral purpose and social justice are coming to recognize that these qualities are simply no longer enough.

"What we need is authority, a sense of direction," a discouraged government economist said privately after a recent presidential press conference. "Instead, she is giving us milk and cookies." Few Filipinos, even now, would deny the administration's accomplishments. Attacking the worst excesses of the Marcos years, Mrs. Aquino has restored the constitution, cleaned up the election process and installed the first working Congress since Mr. Marcos declared martial law 15 years ago.

But too many other tasks are being left unattended, 100 many opportunities squandered. On one issue after another, the president has shrunk from using her authority, creating a leadership vacuum

and a palpable air of detachment and unreality around her.

On the crucial question of agrarian reform, for instance, Mrs. Aquino was shocked into action only when security units killed 19 protesting peasants outside the palace in January. She has now left the issue to a Congress immersed in fractious bickering a month after its inaugural session opened.

When Congress opened last month, Mrs. Aquino touched off an unnecessary dispute on debt repudiation by complaining publicly about the nation's treatment by foreign banks during a recent round of rescheduling talks.

Even the surge of labor unrest that immediately preceded the coup attempt could have been avoided, many political analysts assert, had the president

exercised her authority more fully.

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After Mecca, Saudis Seek to Put Iran on Defensive

By Edward Cody Washington Post Service

JEDDAH — Incensed by last month's violence in Mecca, Saudi Arabia has resolved to confront the Iranian government more directly and is actively seeking to isolate it in the Middle East and the Moslem world.

The new Saudi determination means at least a temporary shift from the kingdom's traditional attempts to reduce differences with Ayatollah Ruhollah Khomeini's revolutionary Islamic government and avoid provoking its hostility.

A Saudi source said the policy could eventually lead to a formal break in diplomatic relations with Iran, unilaterally or as part of an Arab League decision.

"I think our main objective now is to get the Iranians on the run, to put them on the defensive," said a Saudi official.

Iran vows to retaliate against the United States if Iraq attacks its ships, Page 5.

the source, who has access to thinking at the highest levels of the Saudi monarchy.

The change in policy, although motivated by the Mecca tragedy on July 31, in which hundreds of Iranian demonstrators and other pilgrims were killed in a clash with Saudi security forces, could also affect the U.S.-Iranian confrontation in the Gulf. Saudi Arabia's military acts in coordination with U.S. forces in the region.

Saudi outrage after Mecca has given rise to an uncharacteristic campaign to marshal public opinion in Islamic countries and the West against Iran and a diplomatic effort to persuade the Arab League to unite clearly behind Iraq in the seven-year Gulf War.

The Saudi foreign minister, Prince Saud al Faisal, won an Arab League decision this week demanding that Iran comply by Sept. 20 with a United Nations cease-fire appeal.

Although Prince Saud had sought a tougher stand by the league, Saudi officials said the decision nevertheless marked the first time that Iran's Arab friends, Libya and Syria, had joined fellow Arabs in placing responsibility on Iran for ending the conflict.

The Saudi decision to take the diplomatic and propaganda initiative against Tehran has not yet expanded to affect oil policy, potentially the strongest Saudi weapon against Ayatollah Khomeini's government, the source said.

With the ability to produce up to 12 million barrels a day, Saudi Arabia could flood the market and further drive down prices, cutting into the oil revenues that Iran depends on to finance its costly war effort against Iraq.

Some sources have suggested that Saudi Arabia is already selling more than its quota agreed on in the Organization of Petroleum Exporting Countries as part of the new drive against Iran. But the source said that such an action would be like "shooting ourselves in the foot," since Saudi Arabia also wants price levels maintained.

Rusk Reveals Ploy Prepared by Kennedy Over Cuba

By Eric Pace New York Times Service

NEW YORK — Former Secretary of State Dean Rusk has revealed a 25-year secret: During the final days of the Cuban missile crisis of 1962, President John F. Kennedy was prepared to make a concession to Moscow — some call it a concession to avoid a war if the Russians refused to pull their forces out of Cuba.

But the concession, which was to have the United Nations propose a mutual withdrawal of obsolete U.S. missiles from Turkey in exchange for a pullout of Soviet missiles from Cuba, did not have to be made.

To the surprise of Kennedy, Nikita S. Khrushchev, the Soviet leader, agreed to a U.S. ultimatum that the missiles be withdrawn from Cuba without an explicit link to the U.S. Jupiter missiles in Turkey.

An article by J. Anthony Lukas, to be published Sunday in The New York Times Magazine, reports that Mr. Rusk disclosed the episode in March in part of a letter read at a Hawk's Cay, Florida, conference of experts on the crisis.

The letter, as reported in the magazine and confirmed Thursday by Mr. Rusk, said that during the crisis Kennedy "instructed me to telephone the late Andrew Cordier," a former UN official "then at Columbia University, and dictate to him a statement which would be made by U Thant, the secretary-general of the United Nations, proposing the removal of both the Jupiters and the missiles in Cuba."

Mr. Rusk wrote that "Mr. Cordier was to put that statement in the hands of U Thant only after a further signal from us."

"That step was never taken and the statement I furnished to Mr. Cordier has never seen the light of day," Mr. Rusk said. "So far as I know, President Kennedy, Andrew Cordier and I were the only ones who knew of this particular step."

The step became unnecessary because on Oct. 28, 1962, the Russians began dismantling the missiles, thereby ending the crisis, the day after the statement was dictated.

Reached Thursday at his home in Athens, Georgia, where he is convalescing after a stroke, Mr. Rusk, who was secretary of state at the time of the crisis, said he had chosen to disclose the statement because "it seemed to me that it was an appropriate time to complete the record."

He made the disclosure in a letter to the organizer of the conference, James G. Blight, the executive director of the Center for Science and International Affairs of Harvard University.

In his letter, Mr. Rusk said that

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Role in Gulf Legal, Says Nakasone

Agency France-Press

TOKYO — Prime Minister Yasuhiro Nakasone has asserted that deployment of Japanese minesweepers in the Gulf would not violate the constitution, press reports said Friday.

His declaration marks a shift in the official Japanese position. The constitution bars the foreign deployment of any Japanese forces.

"Even if the maritime self-defense forces send minesweepers, that would not amount to foreign deployment because it would not constitute a use of military force," Mr. Nakasone was quoted as having told a member of the Diet on Thursday.

But Mr. Nakasone dismissed the idea of sending other Japanese naval vessels to the Gulf, saying he did not want Japan implicated in an international conflict.

The U.S. defense secretary, Caspar W. Weinberger, said earlier this week that Japan might help finance an international minesweeping operation. Iran is suspected of having laid the mines that have damaged a number of oil tankers in the Gulf.

The United States, which will soon have 47 ships and 25,000 men in the Gulf region, has been seeking cooperation from its allies in maintaining open shipping lanes.

Britain and France and have dispatched minesweepers to the region.

See MANILA, Page 5

Enterprising Ranchers Find Riches in Ostriches

By Keith Schneider New York Times Service

RUSH SPRINGS, Oklahoma — The dust on the road in front of Kenneth Roberts' Ostrich Ranch has been as thick as smoke for weeks as sightseers and livestock producers come from around the country to look over some of the most exotic creatures ever to grace an American farm.

Here in southern Oklahoma, where cattle, wheat and watermelons are hardly worth the money it takes to raise and harvest them, a group of ranchers are making a fortune raising the world's largest bird. A breeding pair of adult ostriches fetches up to \$10,000. Year-old pairs sell for \$6,000. And ostrich chicks go for \$750 each.

Ever since the bottom fell out of the markets for the major crops and livestock, the state and federal authorities have urged farmers to consider raising other products. Efforts to diversify U.S. agriculture have included programs in the South to raise kenaf, a tall grass that many hope will replace trees as a stock for making paper. In the West, kiwi fruit and pistachios have helped some growers hang on to their farms.

Never, though, has a brand-new farm industry yielded riches like those flowing into the pockets of ostrich ranchers. "I've got dollar signs in my eyes," said Mr. Roberts. "I

raised cattle my whole life. I owned a grocery store in town here for 24 years. But this is the most profitable thing I've ever been involved in. And there's plenty of room for everyone."

As in most stories involving profits in farming, the source of this new wealth can be traced to somebody else's misfortune and a bit of homegrown imagination.

Last year, President Ronald Reagan signed the Comprehensive Anti-Apartheid Act, effectively preventing South African ranchers from exporting most of the 50,000 to 90,000 hides that U.S. manufacturers need each year to satisfy the market for ostrich boots, purses and gloves.

Dale Coody, a dairy farmer from Lawton, Oklahoma, 35 miles (56 kilometers) southwest of Rush Springs, was one of the first to recognize the ostrich potential. In the Southwest, ostrich boots cost \$500 a pair. So in 1983 Mr. Coody bought a male and three female ostriches from a monastery in Oklahoma City, which had kept them as pets.

Since then, he has expanded his operation to 50 adults, making him the largest of Oklahoma's 20 ostrich ranchers. He estimated that 100 ranchers are raising the two-toed, swift-footed, flightless birds in at least 30 states.

"I started it as a novelty, raising them just for pets," said Mr. Coody, 51. "Only after I was in it did I see what the potential was for a national industry."

The goal of Mr. Coody and the other ranchers is to produce a national flock of 30,000 to 100,000 birds, large enough to satisfy the boot and purse makers and rich enough to begin promoting low-fat, low-cholesterol ostrich meat, which Mr. Roberts said tastes like a mix of pork and turkey.

In the meantime, ranchers are making more money than any cattle rancher for miles around by selling ostriches to other commercial farmers and backyard hobbyists from Oregon to Florida and from Canada to Puerto Rico. "We're 10 to 12 years away from having enough ostriches to supply a processing plant," said Mr. Coody, who is considered the father of the U.S. ostrich industry.

The birds, native to northern and southern Africa, thrive in Oklahoma's hot, dry summers and rugged winters. "Basically you treat them like stray cats," he said, while scratching the long neck of a magnificent eight-foot (2.4-meter) male named Henry. "All they require is food and water and a half-acre."

Only in the mating season, from March to July, do the birds become aggressive. Females, which are cloaked in gray plumage, lay eggs every other day, from 30 to 50 eggs in a season. The black-feathered males guard nests that are as big as buffalo wallows dug into the sandy Oklahoma prairie.

Athletes From 165 Nations To Compete in Rome Meet

United Press International

ROME — Four years after the first World Track and Field Championships, almost all of the world's elite athletes have assembled here for the second championships, which begin Saturday. By Friday, 1,700 athletes from 165 countries had arrived in Rome.

Since the 1972 Munich Olympics, the only major international track and field competition not affected by boycotts has been the World Cup, which is sponsored every four years by the International Amateur Athletic Federation, and the first world championships, held in Helsinki in 1983.

The 1976, 1980 and 1984 Olympic Games were all hurt by boycotts, as were last year's Commonwealth Games in Edinburgh, Meets such as the European Championships, the Pan-American Games and the African Championships by definition do not accept competitors from around the world.

Primo Nebiolo, president of the athletic federation, said Friday that competition should be at least as good, and maybe better than in Helsinki four years ago. The participation of the Soviet Union and East Germany is expected to provide a higher standard than at the 1984 Olympics in Los Angeles — especially in women's events.

The gold-medal events were to begin Saturday with the men's 10,000 meters and shot put and the women's marathon. Page 13



# South Korean Police Block Rallies and Turn Back Funeral

By Fred Hiatt  
Washington Post Service

SEOUL — The South Korean government began a sweeping crackdown against its critics Friday, blocking rallies in several cities, rounding up scores of activists and intervening in the funeral of a shipyard worker killed in a labor dispute.

The day's activities, culminating in violent confrontations between the police and several hundred students in a working-class suburb of Seoul, was the government's greatest show of force since the ruling party promised democratic reforms two months ago.

Coming after two months of relative liberalization, the government's new hard line seemed sparked by fears of radical student-labor cooperation in protests. In the past such fears have been used to justify military intervention in the political process.

The day's activities also seemed to mark a failure, at least for now, by dissidents to align themselves with workers who have struck hundreds of companies recently.

A leading dissident organization had called for a general strike and large rallies in several cities to mark the death of the worker, but the police blocked the rallies and the strike did not materialize.

Perhaps the most dramatic event of the day came when 2,000 police turned back a funeral procession from the Daewoo shipyard on Koje Island.

mands for free elections and other moves toward democracy on July 1, more than 2,000 companies have experienced labor disputes.

In the past few days, the government has signaled a harder line, claiming that "impure leftist elements" are to blame for many of the disputes.

"An unflinching stern response to radical forces constitutes the precondition to true democratic development," Prime Minister Kim Chung Yul said. "I really lament that the voice of sedition, subversive forces is growing."

Dissident groups have said that South Korea's repressive labor laws, which have essentially prohibited strikes and most national labor unions, have forced workers to seek assistance from outside. They also say that most strikes in the past two months have been spontaneous and leaderless, a response to the lifting of pressure after years of enforced low wages.

The labor disputes are expressions of the workers who have been forced to sacrifice themselves in the course of the nation's economic development," said an opposition party spokesman, Kim Tae Ryong. "It is intolerable that the government responsible for the current situation refuses to apologize and

instead threatens to take tough measures against the labor disputes."

Police authorities said they had taken 74 persons into custody on charges of inciting labor disputes. Many are said to be university graduates who disguised their backgrounds to get factory jobs, a crime under South Korean law.

In addition, the police said 1,618 "left-leaning" students and others were under close investigation.

Earlier this week, the government arrested a key student leader for criticizing the government in interviews with The New York Times, The Financial Times and elsewhere.

About 5,000 police massed at Yongsongpo outside Seoul to prevent a rally Friday night. The National Coalition for a Democratic Constitution, which organized the June rallies that helped bring the promise of change, had called for meetings to honor Mr. Lee.

Only a few hundred students gathered, however, and the large number of police limited them to hit-and-run skirmishes. Students threw rocks and firebombs while the police fired tear gas. At least 140 students were arrested, the police said.



The coffin of a slain South Korean worker being carried Friday into Daewoo shipyard.

## WORLD BRIEFS

### Thousands Protest for 2d Day in Beirut

BEIRUT (UPI) — Thousands of people noted Friday in West Beirut for the second day, blocking streets with burning tires, smashing store windows and chanting slogans to protest difficult living conditions caused by the decline in value of the Lebanese pound.

Witnesses said the riots started early Friday in the mainly Shia Muslim southern suburbs, led by young men carrying sticks, iron rods and stones. But the unrest soon spread to West Beirut, which is patrolled by Syrian troops.

Protesters blocked the Syrian-controlled road to Beirut International Airport and the nearby Ouzai highway, which connects the capital to southern Lebanon. Shooting automatic rifles into the air, Syrian troops dispersed the crowd on the Ouzai road and reopened it. Demonstrators retained control of the road to the airport for hours.

### Pakistan Holds 50 After 32 Die in Riots

KARACHI, Pakistan (Reuters) — The police and soldiers arrested more than 50 political activists Friday, following two days of ethnic riots in southern Pakistan in which at least 32 persons were killed and more than 150 were injured.

Soldiers in trucks fitted with machine-guns patrolled the Faisal district of Karachi, where the violence began Wednesday. Local police guarded the main entrances to the market area.

The riots, involving Pakistanis from northwest Pakistan and neighboring Afghanistan and Muslim immigrants from India, flared near the Faisal mosque, and spread to other parts of Karachi and the nearby city of Hyderabad. Political sources said at least 200 people were arrested in the two cities.

### Elba Convicts' Demand Still Unmet

PORTO AZZURRO, Italy (Reuters) — As six convicted killers held 21 prison staff members hostage on the island of Elba for a fourth day Friday, negotiators said they could not meet the convicts' sole demand, a helicopter in which to escape.

"We are waiting for a sign of good will from the convicts," Magistrate Antonino Costanzo said. "We are doing all we can to avoid a massacre." He said the prisoners, who took the hostages Tuesday, could not leave a helicopter "for technical reasons." He did not elaborate. Local officials have said a helicopter was available but there was no one to pilot it.

The 73-year-old mother of the prisoners' leader, "I don't really know named Mario Tuti, appealed to her son by television. 'I don't really know what to say,' she said, 'but please be good.'"

An Italian legislator who was born on Elba, Giuseppe Lucchesi, said he and Mayor Maurizio Papi of Porto Azzurro were offering to trade places with two of the captives.

### 3 Executed in the U.S. for Murder

NEW YORK (AP) — Three convicted murderers were executed Friday in the United States, the first time since the U.S. Supreme Court reinstated the death penalty in 1976 that three persons were put to death on the same day.

They brought to 22 the number of inmates executed in the United States this year. The previous high since the 1976 ruling was the 21 put to death in 1984.

Beauford White, 41, who stood guard while six persons were shot to death in a robbery at a suburban Miami home, but did not participate in the killings, was electrocuted in Florida. Earlier, Wayne Eugene Ritter, 33, convicted of killing a pawnbroker, died in Alabama's electric chair, and Pierre Dale Selby, 34, convicted of torturing and murdering three persons during a robbery, was executed by lethal injection in Utah.

### For the Record

Angola's president, José Eduardo dos Santos, will make the first official visit to Lisbon by an Angolan leader since that country's independence from Portugal in 1975. The four-day visit will begin Sept. 26. (AP)

A lawyer for the family of Rudolf Hess, Hitler's former deputy, said Friday that he doubted that Hess committed suicide but that he would not reveal the result of an independent autopsy until Hess's son recovered from a stroke. The lawyer, Alfred Seidl, said Wolf-Rüdiger Hess was improving in a Munich clinic. (Reuters)

A New York judge has delayed the sentencing of Bernhard H. Goetz until Oct. 7. Mr. Goetz, 39, who shot and wounded four youths who he contended were trying to rob him on a subway, was convicted of criminal possession of a weapon. (UPI)

U.S. authorities have dropped charges against two men who last month briefly operated an illegal, "pirate" radio station broadcasting rock music from a ship off Long Beach, New York. A U.S. attorney said the government had achieved its aim by shutting down the station. (NYT)

### TRAVEL UPDATE

#### Barcelona Controllers Call Off Strike

MADRID (Reuters) — Air traffic controllers at Barcelona have called off a 24-hour strike planned for Saturday, a spokesman for Spain's civil aviation authority said Friday.

The controllers accepted proposals made in a last-minute effort to avert the strike, which threatened chaos on the busiest weekend of the year. It was not immediately clear whether a strike planned for Sept. 5 was also called off.

The 136 controllers said they were owed back pay equivalent to \$80 a month for the past eight years. A 24-hour strike last Saturday caused severe problems at airports in the Balearic Islands and the Costa Brava, as well as several airports in other countries, notably Britain.

#### Air Service to Link Nepal and Tibet

BEIJING (LAT) — Air service between Katmandu, the capital of Nepal, and Lhasa, the ancient capital of Tibet, will start in mid-September, the Xinhua news agency has reported.

By linking Lhasa with one of the most popular tourist spots in Asia, inauguration of the 50-minute flight will mark the end, at least as far as tourism is concerned, of Tibet's isolation behind the Himalaya Mountains.

The national carriers of China and Nepal — the Civil Aviation Administration of China and Royal Nepal Airlines Corp. — will initially run only charter and non-scheduled service between the two cities, Xinhua said Thursday. Chinese officials have said that Tibet, which was visited by 30,000 tourists last year, is aiming to attract 500,000 visitors annually by the year 2000.

The main Alpine route linking northern and southern Europe through the Saint Gotthard Tunnel, blocked by floods and landslides since early this month, should be open to single-lane car traffic starting next week and rail travelers starting Sept. 8, Swiss officials said Friday. (Reuters)

Spaniards are getting fed up with mass tourism, according to a radio survey Friday by the Antenna 3 network. It indicated that listeners thought foreign visitors were "poor, noisy and ill-mannered." About 50 million tourists are expected to visit Spain this year, spending an estimated \$15 billion, making it the world's leading tourist nation. (AP)

### France May Give Fiji \$10 Million to Build Naval Base

Agence France-Press

SUVA, Fiji — France has offered Fiji about \$10 million to help set up a naval base near Suva, according to a newspaper report here.

The Fiji Sun said Thursday that the offer was made by the French secretary of state for South Pacific issues, Gaston Flosse, during a visit to Fiji, a former British possession, last week.

The Sun said sources present at Mr. Flosse's talks had confirmed the offer to provide funds for a naval base at Uduya Point, three miles (five kilometers) from the capital.

The commander of the Fijian Naval Division, David Lane, said Thursday that he would welcome offers of assistance to build a base.

He said Fiji's current base had several drawbacks including insufficient berthing and fuel facilities and inadequate power and fresh water supplies.

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### CHURCH SERVICES

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# Japanese Agency Urges Military Buildup

By Margaret Shapiro  
Washington Post Service

TOKYO — Japan should immediately bolster its sea-based defense capabilities to counter the continuing threat from a Soviet military buildup in Asia, the Japanese Defense Agency said Friday.

A key to that effort would be procurement of early-warning aircraft, advanced radar systems, air tankers for midair refueling and interceptor fighters, the agency said in its annual white paper on Japanese military preparedness.

A budget request for next year, also released Friday by the agency, included funding for a destroyer equipped with the Aegis radar system, which is supposed to locate, follow and destroy many incoming enemy missiles at the same time.

The budget also would fund a study of the installation on two Jima of an over-the-horizon radar system, which can detect targets thousands of miles away.

The agency's requests are likely to be controversial, both within Japan and among its Asian neighbors, some of whom openly worry about a resurgence of Japanese militarism.

Over-the-horizon radar, and the suggestion that Japan should consider procuring early-warning aircraft, might be seen in the region as a sign of Japan's desire to become more of a regional power than it has been since World War II.

Other main recommended purchases include 15 conventional F-15 jet fighters, 11 P-3C Orion anti-submarine patrol planes, 12 new SH-60 anti-submarine helicopters and six SSM-1 surface-to-ship missile batteries.

The paper also suggested that Japan consider abandoning limits

set in 1976 on its ground troops, its anti-submarine surface ships and combat aircraft.

The preparedness report echoed one made in August 1986. The Japanese government subsequently breached a decade-old limit that had kept military spending to less than 1 percent of the gross national product. Military spending for this fiscal year is estimated at 1.004 percent of GNP.

The agency asked the government for a 6.2 percent bigger budget next year, a proposed outlay of 3,735 billion yen (\$26.4 billion).

The white paper dismissed charges of renewed militarism, saying that there was firm civilian control over military spending.

In addition, it said that the increased threat from the Russians was very real. It cited the placement of about 170 SS-20 nuclear missiles in Soviet Asia near enough to reach Japan in 10 minutes, the deployment of new Backfire bombers capable of carrying long-range cruise missiles, and the growth in both air and naval forces in the Far East as evidence of a growing threat.

# Mine Talks Revived in South Africa

Compiled by Our Staff From Dispatches

JOHANNESBURG — The leader of striking black miners met representatives of the biggest mining company in South Africa on Friday for talks on the 19-day stoppage by 330,000 miners.

The National Union of Mineworkers, the giant Anglo American Corp. and the Chamber of Mines, which represents the six largest coal and gold mining companies, declined to comment on the talks.

The meeting was the first since miners voted by a show of hands Wednesday to reject a settlement offer that included increased vacation pay and death benefits, but no wage increase.

Meanwhile, Anglo American Corp. dismissed 12,000 more striking black miners Friday, and another mining concern said a non-striking worker was stabbed and burned to death.

Anglo American Corp. said the latest of those dismissed had ignored ultimatums to return to work at three gold mines.

With the dismissals, Anglo American has dismissed about 37,000 workers. At least 19,000 more are to be dismissed if they do not return to work by various deadlines from Friday to Monday.

It remains unclear whether the dismissals announced so far in the strike will be permanent. Mining companies and other employers in South Africa have engaged in mass dismissals in labor disputes in the past, only to rehire some or all of the workers later.

However, in the current strike, the mine owners have accompanied the dismissals with closures of mine shafts in some cases, raising the possibility that strikers may not be re-employed when the dispute is settled.

The General Union Mining Corp. said a coal miner on his way to work Friday "was murdered by being repeatedly stabbed before being set alight."

"He was one of a small number of employees who, despite severe intimidation, did not participate in the strike" at the Matla coal mine, the company said.

The death brought to seven the number of miners killed in the walkout. The miners union said at least 350 miners have been injured.

The company has said it is hiring short-term replacements, but has declined to release any figures.

Anglo American, which produced more than 39 percent of South Africa gold last year, employs about 180,000 black miners.

Meanwhile, the government of President Pieter W. Botha published new regulations authorizing the government to appoint censors or to close newspapers that publish "subversive propaganda."

The regulations appeared in the Government Gazette in Pretoria. They empower the communications minister to appoint a government censor at any newspaper or to close a newspaper for renewable periods of three months for publishing material he thinks will undermine the security or authority of the state.

South Africa already has 87 permanent laws restricting press freedom and emergency regulations that outlaw publication of widely defined "subversive statements."

The new rules apply to any publication, foreign or local, that, in Mr. Botha's view, promotes revolution, uprisings, civil disobedience, boycotts or "feelings of hostility toward a local authority or security force."

Mr. Botha hinted at the clampdown last week when he told Parliament that some news media "practice subtle propaganda to further a revolutionary climate under the pretext of journalism."

The president did not name specific newspapers, but government sources said he was particularly concerned about the Weekly Mail, the Catholic newspaper New Nation and the local weekly South in Cape Town. (AP, UPI, NYT)

# Chad Denies That Libya Recaptured Key Oasis in Disputed Northern Strip

Compiled by Our Staff From Dispatches

PARIS — Libya and Chad reported heavy fighting Friday at the village of Aouzou in northern Chad, with Chad denying a Libyan claim that Tripoli had recaptured the oasis that straddles its border with Libya.

A Chad Embassy spokesman in Paris reported "intensive Libyan bombing" at Aouzou and other border villages, including Bardai, Wour and Onianga Kabir. French officials also reported a new Libyan offensive but said they doubted that the oasis had been recaptured.

"We expected a heavy Libyan offensive," said a Chadian Embassy spokesman. "The only information we have in Paris indicates an offensive at Aouzou but not its recapture."

A dispatch from the Libyan news agency JANA, monitored by the British Broadcasting Corp.,

said the Libyans recaptured Aouzou on Friday.

"After having used up all peaceful efforts," the JANA report said, "orders were given this morning to our courageous armed forces to march on Aouzou village, which has been liberated, and the enemy forces have been decimated and driven away in a battle that has not lasted more than two hours."

Chad routed Libyan troops from Aouzou, an outpost in the northwestern Tibesti mountains, on Aug. 8. The village was the administrative capital of the 42,000-square-mile (110,000-square-kilometer) Aouzou strip, a strategic band of disputed territory on the two countries' border.

Colonel Moammar Gadhafi, the Libyan leader, claims the strip is part of Libya and annexed it in 1973. President Hissene Habré of Chad says it is Chadian land.

"In any case, we are confident

our forces will chase the enemy out of the whole strip," the Chadian spokesman said. "But, as we have made clear to our friends, we urgently need the military hardware."

Earlier Friday, Mr. Habré said in Njdamena that he was prepared to negotiate with Colonel Gadhafi, but "without any territorial concessions."

"Chad wants peace," he said. "When you want peace, you do what is necessary to bring it about."

"Libya has been committing aggression against us for almost a generation," he continued. "Nevertheless, we are open to all initiatives taken within the framework of, for example, the Organization of African Unity, the United Nations, or in bilateral Franco-Chadian meetings."

"However there are some compromises we are not prepared to make: our territory is our territory, and we will not give away our territory to buy peace." (UPI, AFP)

# John Huston, 81, U.S. Filmmaker, Dies While Working on Son's Movie

By Peter B. Flint  
New York Times Service

NEW YORK — John Huston, 81, the Academy Award-winning director and screenwriter who made such films as "The Maltese Falcon," "The Treasure of the Sierra Madre," and "The African Queen," died Friday.

He died in Newport, Rhode Island, where he had gone last month for the filming of "Mr. North," a movie directed by his son, Danny, in which he was to have acted.

His own father was the American stage and movie actor, Walter Huston, who began his career in vaudeville in 1907.

John Huston directed 40 movies over more than four decades and co-adapted and acted in more than 20. He was a flamboyant raconteur, bon vivant, horseman, big-game hunter and grand old maverick.

The best Huston films have lean, fast-paced scripts and vibrant plots and characterizations. They often deal ironically with vanity, avarice and quests gone awry and with men and women who have danger in a world where women are often peripheral.

He directed stars with reverence for their images and bucked Hollywood's penchant for happy endings.

Mr. Huston had the boldness to film such novels as Stephen Crane's "Red Badge of Courage" (1951); Herman Melville's "Moby Dick" (1956); Flannery O'Connor's "Wise Blood" (1979); and Malcolm Lowry's "Under the Volcano" (1984). He took uncommon care to preserve the style and values of the authors.

He made a dazzling debut in 1941 with "The Maltese Falcon," which he adapted from the novel by Dashiell Hammett. It is considered by many to be the best detective thriller ever filmed.

"The Treasure of the Sierra Madre" a study of gold and greed from a novel by B. Traven, gained for Mr. Huston the Academy Awards for 1948 as best director

and best writer as well as an Oscar for his father as best supporting actor.

"The African Queen," a rollicking adventure movie based on a novel by C.S. Forester won Humphrey Bogart an Oscar in 1951.

In the 1970s and 80s, despite old age and debilitating heart disease and emphysema, he filmed such works as "Fat City" (1972), about the gritty world of boxers; "The Man Who Would Be King" (1975), based on a Rudyard Kipling story about two British Army rogues who seek, find and lose a great treasure in a remote land; "Wise Blood" (1979), about self-made religion; "Under the Volcano," a drama of a doomed alcoholic; and "Prizzi's Honor" (1985), a black comedy about the Mafia. That movie featured Mr. Huston's elder daughter, Anjelica, who won an Oscar as best supporting actress.

He lived for many years in the West of Ireland where he rode in the hounds and became an Irish citizen. In recent years he lived in Mexico.

Although his emphysema had forced him to rely on an oxygen tank to breathe, Mr. Huston directed "The Dead," an adaptation of the short story by James Joyce this spring.

Mr. Huston was born in Nevada, Missouri, the only child of Walter Huston and the former Reah Gore, a journalist.

At 15, he dropped out of school to be a boxer, becoming a ranking amateur lightweight in California with a broken nose to show for it.

Although his formal education had ended, he continued to read voraciously. He took painting lessons in Los Angeles and in New York, where, at 19, he acted in several plays in little theater.

He then spent two years in Mexico, where he became a cavalry officer and expert horseman. Back in New York, he wrote for H.L. Mencken's American Mercury and was a reporter for The Daily

Graphic, where his mother was also a reporter.

Mr. Huston's father then helped him get writing contracts for early talkies in Hollywood, and his first script credits were for two films, "A House Divided" (1931), and "Law and Order" (1932), starring the elder Mr. Huston, and also the "Murders in the Rue Morgue" (1932).

At 31, he became a writer at Warner Brothers. Over the next four years, he co-adapted such movies as "Frisco" ("The Amazing Dr. Clitterhouse," "Juarez," "Dr. Ehrlich's Magic Bullet," "High Sierra" and "Sergeant York."

He served as major in the U.S. Signal Corps from 1942-1945 and made war documentaries, one of which, "Let There Be Light," was suppressed by the army.

Georg Wittig, 90, German Molecular Chemist HEIDELBERG, West Germany (AP) — Georg Wittig, 90, a chemist who in 1954 discovered the process of the regular regrouping of atoms in a molecule, died Wednesday.

In 1979, he shared the Nobel Prize in chemistry with an American chemist, Herbert Brown, for discovering Wittig-Synthesis, a process of producing chemical compounds called olefins.

Other deaths:

Thomas D'Alessandro Jr., 84, a three-term mayor of Baltimore, who was known as Tommy to Presidents Roosevelt, Truman and Kennedy, Aug. 23 in Baltimore.

Heribert Aftinger, 61, a former director general of Austria's defunct iron and steel conglomerate, Wednesday in Amstetten in Lower Austria.

Richard Harris, 59, an author and former staff writer of The New Yorker magazine, Aug. 23 in an apparent suicide, the police said. He fell from the 12th floor of his New York apartment building.

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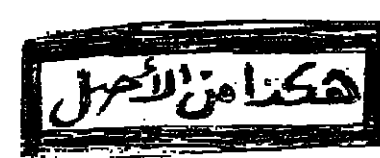
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# President And Contras Discuss Aid Proposals

By Joel Brinkley  
New York Times Service  
LOS ANGELES — Leaders of the Nicaraguan rebels have asked President Ronald Reagan to seek congressional approval for renewed military and nonlethal aid for the contras. But they asked him to hold any military aid in escrow until the Nicaraguan government failed to comply with terms of a peace plan now being negotiated.

Under the rebel leaders' proposal, the nonlethal aid would be disbursed immediately after Sept. 30 when the current authorization to aid the contras, as the rebels are known, expires. Mr. Reagan, however, said he would not even initiate a request for renewed aid before that date.

One contra leader, Alfredo César, said Thursday after the meeting that the aid would be used "for food for the Nicaraguan people, and to help the contras reorganize into Nicaraguan society unless dictator Ortega does not comply with the peace plan." He was referring to President Daniel Ortega Saverdra.

Contra leaders said no specific sums of money were discussed. Martin Fitzwater, the White House spokesman, said the Reagan administration viewed the contra leaders' proposal as "a constructive, forthcoming approach that, in general, we can support." He said formal endorsement would not come until "we have studied technical details."

As the meeting began, Mr. Reagan told the rebels he would not request renewed aid before Sept. 30. He added, "We have not decided on the form of our next funding request, but we intend to see that you have adequate funding until a cease-fire is in place and a verifiable process of democratization is under way."

Mr. César said the plan was the contras' own, not the administration's. The rebel leaders, however, have almost never made public a significant proposal that had not been cleared with the administration.

The question of what to do about the contras while the Central American nations negotiate the details of a peace plan has caused the White House considerable trouble since the accord was reached in Guatemala earlier this month.

The White House, caught between a need to seem supportive of the peace process while not appearing to abandon the contras, has made conflicting statements about whether it intends to request new aid.

Under the Guatemala plan, the contras and Sandinist government of Nicaragua are to declare a cease-fire by Nov. 7. Administration officials have said the contras have enough money and weapons in the pipeline to sustain them during the five weeks after the Sept. 30 authorization to fund them expires.

Under the peace plan, the Sandinists would be required to ease a number of restrictions, including those imposed on the press and the Roman Catholic Church.

Adolfo Calero, one of the contra leaders at the meeting with Mr. Reagan, said the president told them, "We won't let them get away with a fake democracy."



President Ronald Reagan meeting Thursday in Los Angeles with leaders of the Nicaraguan rebels, whom he assured of continuing U.S. support. From left are Enrique Bermudez, Azucena Ferrey, Mr. Reagan and Adolfo Calero.

# Poindexter Asks to Retire at Higher Rank

WASHINGTON Post Service  
WASHINGTON — Rear Admiral John M. Poindexter, the former national security adviser who resigned in the midst of the Iran-contra affair, has said he wants to retire from the navy this fall, according to Pentagon sources.

Admiral Poindexter, 51, has requested that the navy allow him to retire as a vice admiral, the three-star rank he held while serving as national security adviser to President Ronald Reagan from 1985 until his resignation on Nov. 25, 1986, the sources said Thursday.

When Admiral Poindexter returned to the navy after resigning from the White House position, he reverted to his previous rank as a two-star admiral.

Pentagon officials said they expected his request to retire at the higher rank to be controversial because of his Iran-contra role. Admiral Poindexter, along with others, is reported to be a target of an investigation by the independent counsel in the affair, Lawrence E. Walsh.

# FAA Head Urges Senior U.S. Pilots To Step Up 'Vigilance in the Cockpit'

By Clifford D. May  
New York Times Service  
KANSAS CITY, Missouri — The head of the Federal Aviation Administration has urged the country's senior airline pilots to renew their commitment to "vigilance in the cockpit" against disastrous mistakes.

T. Allan McArthur, who became FAA administrator a month ago, addressed more than 200 pilots Thursday at a meeting hastily called in response to rising public misgivings over safety and discipline in the air after a jet crash Aug. 16 in Detroit left 156 persons dead.

While Mr. McArthur said he agreed with pilots that the U.S. commercial aviation record was the best in the world, he added: "Is the system as safe as we can make it? No, I don't think it is."

Just as important as the record, he said, is the public's perception of "an erosion of safety."

Mr. McArthur's appeal followed incidents including the Detroit crash of a Northwest Airlines plane, a near-collision involving a Delta Air Lines jet over the Atlantic and the close brush between a private plane and President Ronald Reagan's helicopter.

In the past, he said, attention was focused largely on the pilot's ability to handle emergencies. Now, he said, he is more worried "about the fourth landing of the day, at sunset with clear skies, a routine, no-sweat landing."

"The routine is the enemy," Mr. McArthur said.

Many of the chief pilots he was addressing, who are corporate executives with responsibilities including pilot training, standards and performance, agreed with his call for ways to improve flight-crew safety practices.

"The agency has spent only a small percentage of the money required to move ahead in research and training on human performance problems," said Captain Henry Duffy, head of the Air Line Pilots Association.

Three years ago, he said, there was wide agreement between the pilots' union and the FAA on a ship had withdrawn. He said his government had shown "prudence" in the sovereignty issue, but had responded with "prudence."

In Colombia, though, Mr. Lusinch's speech was widely viewed as hostile, and leaders of the opposition Conservative Party called on the country's foreign minister, Julio Londoño Parades, to boycott a high-level meeting on Central America in Caracas last weekend.

Mr. Londoño attended, but used the occasion to explain Colombia's position.

The dispute began in the 1950s when Venezuela asserted its sovereignty over the entire gulf, prompted by speculation that the Lake Maracaibo-area oil fields extended northward.

But Colombia responded that even though the eastern Paraguayan Peninsula and Los Moches islands offshore, are Venezuelan territory, it, too, has a right to some part of the gulf because of its control over most of the Guajira Peninsula to the west.

Since then, Colombia has pressed for delimitation of the maritime border.

Colombia and Venezuela Renew Border Dispute

By Alan Riding  
New York Times Service  
CARACAS — A near-clash of naval vessels in disputed territorial waters in the Gulf of Venezuela earlier this month has provoked a series of angry exchanges between Colombia and Venezuela.

Fears of an armed confrontation have eased as both countries have lifted military alerts. But an intense war of words continues, fed by strong nationalist feelings in the two nations over the 33-year territorial dispute.

The incident began Aug. 9 when a Colombian Navy corvette, the Caldas, entered an area of the gulf that has traditionally been patrolled by Venezuela. For almost a week, the Caldas apparently sought to assert Colombia's claims to sovereignty in the area.

Venezuela responded with a diplomatic protest note and sent naval, army and air force reinforcements, including a squadron of U.S.-made F-16 fighters, to its western frontier as tensions rose.

By the time President Jaime Lusinchi of Venezuela spoke to the nation on television last week, the

ship had withdrawn. He said his government had shown "prudence" in the sovereignty issue, but had responded with "prudence."

# A Babushka's Urgent Message

No Longer a Heretic, Soviet Economist Presses for Reforms

By Michael Dobbs  
Washington Post Service

CHAUTAQUA, New York — One of the answers to the question "How has the Soviet Union changed under Gorbachev?" sat in a wicker chair in the Victorian splendor of the Athenaeum hotel here Thursday, apparently unfazed by her new-found celebrity.



Tatiana Zaslavskaya

Five years ago, Tatiana Zaslavskaya was a relatively obscure economist working for an economic research institute in Siberia. Her views on the need for major economic reform in the Soviet Union were considered so radical that they were kept secret from the Soviet people.

If reform fails, "it will mean that our country is giving up the race and is headed toward becoming a second-class power."

— Tatiana Zaslavskaya

Today, judging from the high profile she has assumed at a conference here on U.S.-Soviet relations, Miss Zaslavskaya has become a respected member of the Soviet establishment. She has been spreading the Gorbachev gospel of glasnost, or openness, and perestroika, or restructuring, to a sympathetic American audience at the Chautauqua Institute, a kind of intellectual holiday camp in upstate New York.

Her former boss at the Siberian branch of the Soviet Academy of Sciences, Abel Aganbegyan, has become the top economic adviser to the Soviet leader, Mikhail S. Gorbachev. The team of economists that he put together in the distant Siberian city of Novosibirsk has fanned out across the country to occupy important Communist Party positions.

In the past, we were all regarded as heretics," Miss Zaslavskaya said with a smile. "Today, we occupy the commanding heights" of economic-policy-making in the Soviet Union.

By the early 1980s, the Soviet economy had deteriorated to the point where Miss Zaslavskaya and her Novosibirsk colleagues felt sure that reforms were inevitable. Their response was to organize a seminar in 1983 attended by 100 like-minded economists and sociologists.

Miss Zaslavskaya's name came to the attention of the West in 1983 after a secret report was made available to Western reporters, in which she called for sweeping reforms of the Soviet Union's command economy.

The Soviet Union's most celebrated radical economist turns out to be a friendly 60-year-old woman who could pass for a typical Russian babushka, or grandmother. Her career since joining the Communist Party in 1954 is almost a parable for the hopes and frustrations of Soviet reformers.

Colonel North's calendar, made public by the committees, does not show that he attended any meeting of cabinet-level officials that day. It does show that he met at 1:30 P.M. with Rear Admiral John M. Poindexter, then the national security adviser.

Miss Zaslavskaya's message has been that economic reform is an urgent necessity if the Soviet Union wants to remain a world-class power. But she also noted what she describes as significant "latent opposition" to Mr. Gorbachev in the vast middle-layer of the Soviet bureaucracy.

Colonel North said he had come from a meeting that included Admiral Poindexter and Mr. Meese.

"Of course there is a possibility" that perestroika "will fail, but, if it

# Now the worry is 'the fourth landing of the day, at sunset with clear skies, a routine, no-sweat landing. The routine is the enemy.'

— T. Allan McArthur, FAA administrator

# AWOL Pilot Punished

Private Ralph William Myers, 32, the AWOL soldier who flew a small plane into restricted air space near Mr. Reagan's helicopter, has lost half a month's pay, \$365, and been restricted to base for 30 days, United Press International reported from Fort Lewis, Washington.

# Technical Defects Delay Test of Shuttle Booster

WASHINGTON — The head of the U.S. space program said Friday that a series of problems that forced postponement Thursday of the first test firing of the space shuttle's redesigned booster rockets should not affect plans to launch a shuttle next June.

# Indefinite Strike Shuts Down Most Peruvian Banks

LIMA — Most Peruvian banks, both state and private, were closed Friday after bank workers seeking pay raises began an indefinite strike.

# Greece Lifts 1945 State Of War With Albania

ATHENS — Greece has lifted a technical state of war that has existed with its neighbor Albania since 1945, government spokesman, Sotir Kostopoulos, said Friday.

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INTERNATIONAL Herald Tribune

Oil Germany's Wheels

Like clockwork, West Germany's allies call it to spur its economy. Repeating an inapt metaphor from the Carter era, they preach a locomotive role, as if the Federal Republic, with less than a tenth of the industrialized world's GNP and population, could pull its partners out of their morass. The Germans rightly reject this. But the fact remains that West Germany has a role — and isn't playing it.

Speaking of Moscow

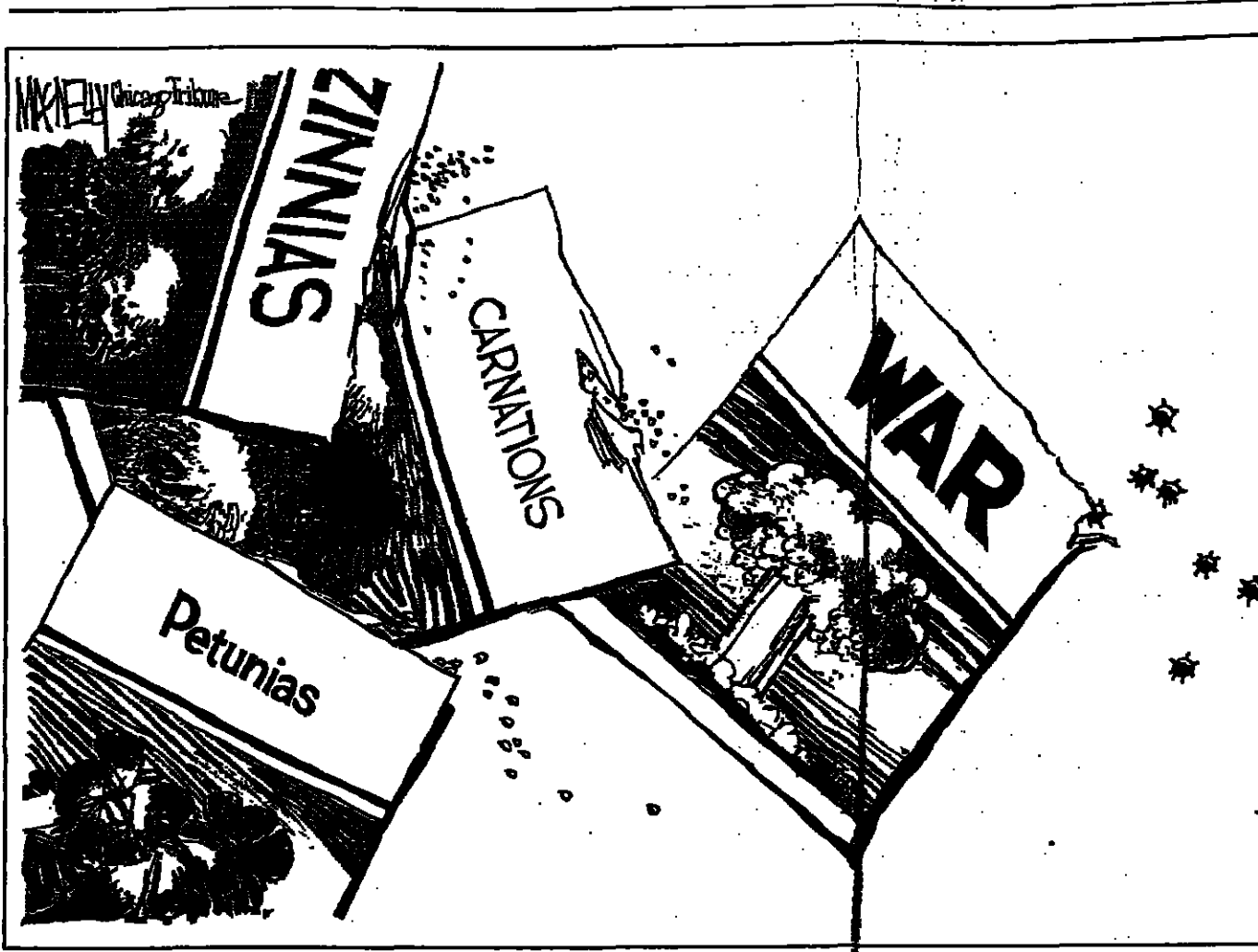
President Reagan keeps talking about the complexities of dealing with the Kremlin, and he is getting better at it. His latest effort, in California, drew criticism in some quarters, American and Soviet, for failing to reflect in full the somewhat upbeat mood in U.S.-Soviet relations. But that is precisely why it was a good speech. The current mood, whatever it is, is never a solid foundation on which to build a sensible view of the Soviet Union. A historical dimension is essential, and Mr. Reagan provided it.

A Mistake in Seoul

South Korea is already stretched by its effort to achieve broad-based democracy. The last thing it needs is new clashes with students in the streets when universities open next month. That is what Chun Doo Hwan's government invites with its provocative arrest of six student leaders, among them Woo Sang Ho, a respected moderate.

Other Comment

Loose Change for UNICEF International travelers return home bearing modest collections of dachniss, pen-finders, pence, yen, shekels, balboas and whatever other kinds of coin circulate in the countries they visit. This leftover money usually has only slight value. The loose change is almost always put aside and forgotten. Suppose, though, that a way could be found to collect these insignificant amounts of money and pool them to spend on a good cause?



Gorbachev Has NATO in Political Trouble

WASHINGTON — "While the rhetoric of the East has softened, the Warsaw Pact's military forces are stronger than ever." Those are the words of General John R. Galvin, the new American supreme commander of NATO forces in Europe. They should be given consideration by every government in the alliance and, indeed, by all those in the West who value freedom.

Watch the German and Jewish Numbers in Moscow

BONN — On a recent trip to Moscow I discovered that Soviet officials who wish to go to the West. Both long to minority groups of about 2 million, many of whose members want to leave. And both can count on the solid support of outside organizations that advocate their cause, and — maybe more important — on countries willing to accept them.

Some Things Don't Vary in a Century

SAG HARBOR, New York — I have spent the summer here writing on a book in a little office of the John Hermon Library. When I overheard on such modern concerns as disarmament and free trade. I would reach for a Corrector. The Sag Harbor Corrector was published on Saturday mornings from 1822 to 1918 in this old whaling town on the end of Long Island. It had 4,000 residents then — 1,000 more than it has now.

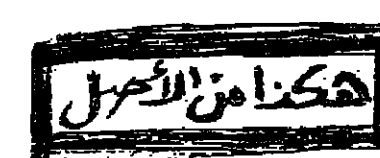
Mediaville? Don't Hold Your Breath

By David S. Broder WASHINGTON — Here is an end-of-summer thought for you: "The ability to vote on public policy while snuggled under an electric blanket or munching on corn chips does not demean the system. On the contrary, the system can be enhanced and the American tradition honored."

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: U.S. Intervention WASHINGTON — President W.H. Taft has ordered the 10th United States Infantry, stationed at Panama, to proceed to Nicaragua. American Marines are being hurried to the South on board the transport Prairie. Allegations of conditions bordering on barbarism have been received by the State Department. The murder of two Americans, while wounded and helpless after the recent massacre, have focused attention on the previous reports of the burning of soldiers, starvation of political prisoners and firing on women, children and other non-combatants by the rebels.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1959-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUBNER, Publisher JOHN VINOUCOR, Executive Editor • WALTER WELLS, News Editor • SAMUEL AET, KATHERINE KNORR and CHARLES MITCHELL-MORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Pages





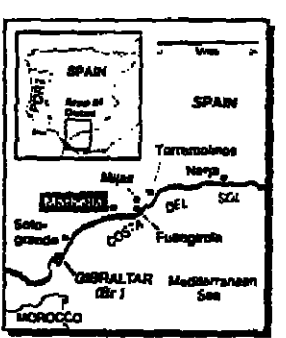
# Iran Vows Retaliation Against U.S. if Iraqis Attack Tankers in Gulf

**Compiled by Our Staff From Dispatches**  
**LONDON** — President Ali Khamenei of Iran said Friday that Iran would strike a blow against the United States if Iraq resumed attacks on Iranian ships in the Gulf, according to Tehran radio.  
 Mr. Khamenei told a group of worshippers, "Everybody has realized that if America comes to the Persian Gulf and the Iraqi regime resumes attacks on Iranian ships, then America will receive such a blow that it will not be possible to repair it."  
 The Iranian news agency IRNA quoted Mr. Khamenei as saying that Tehran had no plans to challenge the United States to a war. But he said Iran would retaliate if the U.S. military presence in the Gulf meant that it could not export its oil through the waterway, while Saudi Arabia and Kuwait could.  
 Iran accuses Kuwait and Saudi Arabia of supporting Iraq in the Gulf war.  
 IRNA quoted Mr. Khamenei as saying the U.S. decision to provide new escorts for Kuwait tankers in the Gulf had cast doubts on the military capacity of the United States.  
 "That is why America was forced to ask the Iraqi regime officially not to attack Iranian ships so long as the American fleet is present in the Persian Gulf," he said.  
 Iran has said it would not attack shipping unless Iraq resumed

# When the Cranes Go Flying

## Debate Swirls Around Construction on Costa del Sol

**By Paul Delaney**  
**New York Times Service**  
**MARBELLA, Spain** — One block from the main street and a few steps from the beach in this resort city, construction cranes seem to outnumber tourists.  
 And therein lies a topic of heated debate all along the Costa del Sol. The cranes are symbolic of building that has gone unchecked for decades, the construction of apartments, homes and hotels to shelter an unending stream of tourists and settlers.  
 Development has passed the saturation point, many people in the area say.  
 The unbridled growth has begun to feel as far as eight miles (13 kilometers) from the shoreline, in tiny, pristine towns almost hidden in the mountains.  
 The surge of money, people and development has changed, perhaps irrevocably, the character of many of these small places, as it has altered Marbella and just about every other coastal hamlet. Fishing and farm villages have been turned into tourist attractions, and ordinary people who used to live simple lives are now aspiring entrepreneurs. Farmers and fishermen have become construction workers, tour guides and bartenders. Housewives have become chambermaids and waitresses.  
 Although its harmful aspects were largely ignored for many



billion a year, or 9 percent of the gross national product.  
 Marbella has 80,000 permanent residents but 250,000 during the season. Forty years ago, there were 11,000 residents and no tourists.  
 David Baird, a British writer who has lived in Spain for 17 years, attributed the popularity of the coast to the "northern European obsession with the sun and being near the sea."  
 "It's terrible," he said, "I've watched people's attitudes change significantly. When I first came here, they were warm and friendly. But now they see you and they see money. They see everybody as just another tourist."  
 Concha Wallace, a real estate agent in Sotogrande, said the boom had at least brought a higher standard of living to part of Andalusia, Spain's most impoverished region.  
 "There were families in one town near here who had no running water and no electricity," she said. "Now, there are 3,000 people who are well off. They've become electricians, plumbers and builders. Unemployment is practically zero."  
 The ripple effects have also extended to education. "The schools are better," she said. "My first maid couldn't read or write at 16. Now there is hardly a child who can't read and write. This has happened over the last 15 years."  
 years, the phenomenal growth now disturbs many people, including local and national government officials and environmentalists. The national government plans to introduce a bill next month that would prevent landowners from claiming beaches as private property, limit construction, and ban advertising, garbage dumping, destruction of sand reserves, forest clearing and unauthorized road building.  
 Some towns have begun to restrict building heights and move against developers who start selling land and apartments before acquiring the property or the required permits.  
 A study of the area by Bechtel Corp. estimates that by 1989 the Costa del Sol will have 14 million to 15 million visitors a year, compared with six million last year.  
 Tourism is vital to Spain's economy. The industry employs 1.2 million workers and brings in 51



Prince Alfonso de Hohenlohe, the prime mover behind development in Marbella, Spain.

Marbella, with the heaviest concentration of construction and a jet set image, has been the object of most of the criticism. But the man given credit for its growth, Prince Alfonso de Hohenlohe, defended development. Some of the attacks on Marbella, he said, were by people in other aspiring tourist areas who are jealous of Marbella's success.  
 A drive along the coastal highway between Nerja to the north and Sotogrande to the south confirmed arguments on both sides of the debate.  
 There is indeed construction everywhere. Once completed, the

# GULF: Saudis Seek to Isolate Iran

**(Continued from Page 1)**  
 minimum price. The overproduction has caused a drop in prices in recent days, leading to the scheduling of a special OPEC meeting Sept. 7 in Vienna.  
 The U.S. buildup in the Gulf has led to increased U.S.-Saudi military cooperation, the Saudi source said. He declined to be specific.  
 According to reports from Washington, the Reagan administration has obtained expanded landing facilities for carrier-based U.S. planes in a loosely defined secret agreement. In addition, advanced Saudi surveillance planes have reportedly worked more closely with U.S. forces in monitoring Iranian Navy and Revolutionary Guard vessels.  
 Four U.S. airborne warning and control system planes have been operating from Riyadh along with three aerial refueling planes since 1980 to provide military surveillance in the Gulf. In 1984, he said, Iran sent up more fighters in an apparent challenge to the Saudi Air Force. But when Saudi planes scrambled to meet the challenge, eventually putting more than 20 planes from each side in the air, the Iranian planes received orders to return to base, he said.  
 Similarly, the source recalled, Saudi Navy vessels concentrated in the Strait of Hormuz in May of last year after several Mobil Corp. tankers suffered damage and the company issued notice that it would no longer lift Saudi oil. Through a Syrian intermediary, Iran was told that the concentrated Saudi Navy would protect tankers bound in and out of Saudi ports. Tehran swiftly replied that it did not want a confrontation, he added.

# Coup Role Is Denied By Marcos

**The Associated Press**  
**HONOLULU** — Ferdinand E. Marcos, the deposed president of the Philippines, denied Friday that he had any role in the military mutiny in Manila and said the Aquino government brought the rebellion on itself.  
 Mr. Marcos said his successor, Corason C. Aquino, had lost the support of the people and the military and was in "real trouble."  
 In a television interview early Friday, Mr. Marcos laughed when asked if he saw himself regaining the presidency as a result of the military action in Manila.  
 "Well, I don't need to say anything of that because we do not know who these rebels will choose as their leader," he said. "They might choose somebody else, not me."  
 Earlier, at a news conference outside his home in Honolulu, he denied as "gutter dwelling" any suggestion that he had a role in the uprising.  
 "We are not involved and there is no need for us to be involved in the Philippine situation," he said. "The people are desperate, hungry, sick and frustrated and are beginning to realize there is widespread hypocrisy, arrogance, tyranny, disregard for human rights and senseless killing."  
 "The ineptness is clear — the hypocrisy, the corruption and the hopeless tyranny," said Mr. Marcos, who himself has been accused of stealing billions of dollars during his 20-year rule.  
 Mr. Marcos was warned by the Reagan administration seven weeks ago against interfering in Philippine politics. He was placed under travel restrictions limiting him to the island of Oahu.  
 The action was taken after the Foreign Affairs Committee of the House of Representatives released tape recordings of Mr. Marcos plotting to purchase arms and mount a military operation to overthrow Mrs. Aquino.  
 Mr. Marcos, 69, who has lived in Hawaii since he was deposed in a popular uprising in February 1986, said he was following events in his homeland.  
 "I am afraid that Madame Aquino is in real trouble," Mr. Marcos said.

# MANILA: Troop Revolt Spreads

**(Continued from Page 1)**  
 the attack, and another was seriously wounded.  
 [All domestic and international flights to and from Manila have been canceled, Reuters reported from Manila, quoting an airport spokesman. International flights were tentatively scheduled to resume Saturday night. Local flights were canceled indefinitely.]  
 The revolt was being led by Colonel Gregorio (Gringo) Honasan, formerly the security officer to Senator Juan Ponce Enrile when Mr. Enrile was defense minister. Colonel Honasan was one of the founding members of the Reform the Armed Forces Movement, known as RAM, which became a catalyst for anti-Marcos sentiment within the military.  
 Mr. Enrile was dismissed as defense minister in November after General Ramos said the young officers in the movement, presumably including Colonel Honasan, were plotting a coup. But no disciplinary action was ever taken, and the "RAM-boys," as they are known, were simply dispersed to various new assignments around the country.  
 Since Mrs. Aquino came to power, members of the movement have complained bitterly that she has followed some of the same policies that they wanted to reverse, such as promoting officers because of their political loyalty.  
 They also criticized Mrs. Aquino and her advisers for being too "soft" in combating the communist

# ASSESS: Aquino Leadership Crisis

**(Continued from Page 1)**  
 dent chosen the right moment to explain the fuel-price rises that led to a national strike.  
 What is missing in all of these instances, as one Aquino loyalist puts it, is "preceptorship" — an ability to lead the nation, almost by intuition, toward the genuine consensus required to advance beyond longstanding political and economic problems.  
 Critics and supporters alike believe Mrs. Aquino is now too concerned with maintaining support among the widely disparate coalitions that backed her rise to power. The net effects of this, they say, are inaction on many important issues and too many decisions based on purely tactical considerations.  
 Mrs. Aquino's reticence can also be explained by her desire to retrieve the presidency from the dictatorial extremes of Mr. Marcos. But this is only prolonging a national tendency to continue congratulating itself for having deposed Mr. Marcos, as if his political demise were the end of the Philippines' woes.  
 Corruption, unemployment, oligarchic control and rural impoverishment were the marks of the Marcos years. But all of these problems preceded him, and Mrs. Aquino has made little progress in solving any of them.  
 Over her right shoulder, the president hears from the military and the conservative elite that "peace and order" are in jeopardy; over her left, reformists and "national-



Colonel Gregorio (Gringo) Honasan, leader of the Philippine rebellion, was reported to have escaped from Manila by helicopter.

ists" charge that the nation is sliding visibly into its old ways. Mrs. Aquino's predicament is that both voices are correct.  
 "It's not enough just to change governments," a university professor said recently. "Sooner or later Cory is going to have to spend some political capital before things get out of hand."  
 It is too late to spend such capital gracefully. In the aftermath of the most serious coup attempt since Mrs. Aquino assumed the presidency, her choice seems to lie between asserting more authority or having none at all.  
**Sydney Gives U.S. Assurance on Beef**  
**United Press International**  
**WASHINGTON** — Australian trade officials, after three days of talks, convinced the U.S. Department of Agriculture that they would ensure that beef exports to the United States are free of chemical residues, U.S. officials say.  
 The department announced late Thursday that it had agreed to allow Australia to improve its testing and sampling of about 21 million pounds (9.4 million kilograms) of meat at 41 plants.  
 Last week, the department threatened an immediate ban on all beef from Australia. The department has cited nine violations of meat pesticide residue in Australian meat this year.

# RUSK: Kennedy Ploy Is Revealed

**(Continued from Page 1)**  
 "there is a postscript" to the missile crisis "which only I can furnish."  
 "It was clear to me," he said, "that President Kennedy would not let the Jupiters in Turkey become an obstacle to the removal of the missile sites in Cuba because the Jupiters were coming out in any event."  
 On Oct. 27, 1962, Attorney General Robert F. Kennedy, the president's brother, offered a three-part "ultimatum" to the Russians: that the United States would pull the Jupiters out of Turkey according to previous plans and not as part of any deal with the Russians.  
 In his letter, Mr. Rusk said that shortly after Robert Kennedy brought the three-part plan to the Soviet ambassador, Anatoli F. Dobrynin, the president conferred with him on what to do if the Russians rejected the ambiguously phrased withdrawal of the Jupiters. Moscow wanted an explicit trade, which Washington was refusing.  
 But Mr. Rusk contended, in the interview, that that much of a big deal it was simply an option that would have been available to President Kennedy had he wanted to use it.  
 But Mr. Blight, who was reached Thursday at his office in Cambridge, Massachusetts, ascribed greater significance to the Cortier ploy, as some are calling it at the center. He said it was "evidence that President Kennedy, in the real dark hours of the crisis — there on the last weekend — was convinced that, first of all, war was likely if things continued on their present course, and, secondly, that he did not want war."  
 Mr. Blight, a psychologist by training, said that the Cortier initiative, as reported by Mr. Rusk, made it seem that Kennedy was willing to have, as Mr. Blight put it, "a public trade of American missiles in Turkey for the Soviet missiles in Cuba."  
 In a portion of Mr. Rusk's letter to Mr. Blight that was not read at the conference but which was made

# SUMMIT: A Flurry Over Timing

**(Continued from Page 1)**  
 West Germany, whose warheads are under U.S. control.  
 The issue for weeks had clouded negotiations for a U.S.-Soviet treaty on removing medium- and shorter-range nuclear missiles and the outlook for a summit meeting this year to sign the treaty.  
 Preparatory meetings between U.S. and Soviet diplomats are taking place in Moscow and further sessions are scheduled for other European capitals.  
 A session on the human rights issues, headed by Assistant Secretary of State Richard Schifter and Anatoli Adzhimishin, a Soviet deputy foreign minister, ended Tuesday in Moscow.  
 A meeting on bilateral issues, headed by a deputy assistant secretary of state, Thomas W. Simons Jr., and a Soviet deputy foreign minister, Alexander Bessmertnykh, was scheduled to end Friday in Moscow.  
 Meetings on arms control topics are scheduled later for Geneva and Vienna, while talks on regional issues are to be held in London and Bern.  
 The Soviet Union tentatively favors late October for the summit meeting, diplomats in Moscow said. Soviet diplomats have postponed trips to Moscow by Australian and Portuguese leaders that were to take place then.

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ARTS / LEISURE

The Medieval Mind Revealed in Brass

LONDON — Some exhibitions deserve to be seen for the works they display and others for the clues they provide to unsuspected art forms. "Witness in Brass," small, cluttered and slapdash as it may be, is one of those rare eye-openers.

SOUREN MELIKIAN

on brass funerary effigies, the least known yet the most original aspect of church art from middle Gothic to Renaissance times.

Few of those touring medieval churches in the British Isles, where the greater number of surviving monumental brasses are to be seen, even think of looking for them.

When row upon row of knights and dames lie on the floor like an army of shadows reclining in darkened garb on their bed of faintly gleaming brass, the effect must have been striking, as a photograph of the church at Cobham in Kent suggests.

To those who commissioned them, they appear to have been of immense importance. This finds an echo in the words uttered by Henry V before the battle of Agincourt, as imagined by Shakespeare.

The documents exhibited at the Victoria and Albert say as much about human psychology in medieval England as volumes of social history.

will, in Latin like all solemn writings, he asks for "a marble stone flat with the pavement to be placed over me on which choristers reading the obits and capitular lessons shall stand so that they may be more careful not to read badly or wrongly because they have their teacher listening beneath their feet."

Patrons often displayed a self-conscious coquettishness about the image they wished to leave of their physical appearance on their last day in this world. One Thomas Salter, who died in 1558, gave very definite instructions. The figure was to be three feet long in mass vestments, holding with both hands "the similitude of a consecrate oostie in a sunnie beame" above a chalice, his eyes closed "as all deademens eyes ought to be."

Others were equally concerned about the appearance of their wife — or wives when they had been married several times. The latter were not to wear newfangled attire offensive to common decency. Sir John Gage, who died in 1595, commissioned Gerard Johnson (1551-1612) whose initial sketch, miraculously preserved by his descendants, is in the exhibition.

The establishment's passion for brasses was dealt a nasty blow shortly afterwards. In the cultural revolution triggered by the advent of Protestantism and its wholesale destruction of abbeys, monasteries, sculpture connected with religious devotion and anything that reminded one of Roman Catholicism, brasses were seen as a borderline case.

uity in Religion as well as in History," an accusation as threatening in Elizabethan England as one of leftist sympathies in the McCarthy era in the United States.

Concerning brasses, however, bigotry had to give in to snobbery. Brasses are a primary source of information on genealogy and heraldry and, thanks to human vanity, which ensured genealogic and heraldic painters their thriving business, notes and rubbings made by 17th century antiquarians have

show. Next to it sits a photograph of a brass faked by Sir Edward in the church at Pluckley in Kent to shore up his lineage. It represents the figure of John Dering, who died in 1425, in passably good 15th century style. A careful man, Sir Edward had it set in an older slab. Unfortunately, the indents don't quite fit. The slab probably never carried a brass. To give it a more convincing look as a period piece, the forger made sure that bits were "missing" in the brass — it lacks the pillow and the crest. Alas poor Edward! He did not know that around 1425, the head, the helmet, the pillow and the crest would have been made from a single piece of brass.

As antiquarian interest rose to a high pitch, it became fashionable to restore brasses damaged after thousands of feet had shuffled over them for centuries. But just as the establishment was not above tampering, the restorers were not averse to pilfering. An early 18th century drawing by one J. Kirkpatrick shows the Elsing brass with the eight weepers surrounding Sir Hugh Hastings still in place. By the time Thomas Martin drew the next sketch, in 1736, the figure of the Edward the Despencer as a weeper had gone.

Later losses were more decently anonymous. In 1904, an art historian discovered with some surprise the Lord Gray weeper in the Fitzwilliam Museum in Cambridge. It can only have been pinched. The identity of the villain has never been released.

In recent years, things have reached disaster proportions — for different reasons. In the words of John Page-Phillips, president of the Monumental Brass Society, which celebrates its 101st anniversary with the show, "a new problem has arisen. There is a steady stream of churches becoming redundant, and therefore being demolished or converted to other uses. Any brasses must be removed." On second thought, it is probably more urgent to rush to the monuments than to the facsimiles or photographs of the brasses that they house.



Rubbing from a brass to Simon de Wensley, Yorkshire c.1375.

come down to us. Some make up for the loss of brasses in later times.

Occasionally, however, the authenticity of the source needs a careful check. The English establishment was not above faking documents to establish a convenient ancestry. Around 1620, Sir Edward Dering acquired a Roll of Arms, i.e. a long scroll on vellum with rows of blazons painted in genealogical order. The 61st shield was overpainted, clearly at his behest, with the arms of Richard Fitz-Dering, and used by him as evidence of his supposedly ancient ancestry to obtain the right to wear arms with a Saxon motto — the roll with the faked blazon can be seen in the

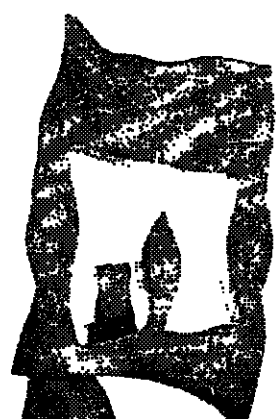


Sketch at right by Gerard Jomson for a brass to John Gage (d.1599) and his two wives. Above, a rubbing from the finished work shows that Gage rejected the artist's depiction of the lady wearing a fashionable, figure-hugging gown.

Monumental Sculpture On Show in Monte Carlo

By Charlotte Mosley MONTE CARLO — Visitors to Monaco this summer and early fall have been seeing an unexpected and free exhibition of monumental sculpture in the public gardens and in the Casino.

It almost didn't come to pass as the Monaco authorities feared that a confrontation between colossal pieces of sculpture and the Belle Epoque setting might scandalize the public. They also had to agree to concrete being poured into the scarce and carefully tended lawns to serve as bases for the sculptures.



Arp's "Little Theater."

The exhibition is taking place says much for the persuasive powers of the Marisa del Re Gallery of New York, which organized the show, on until Sept. 30.

The protracted negotiations have inevitably meant compromises and half-measures. The overall result is a rather unadventurous choice of pieces that lack any unifying theme. In the main the artists seem

to have been chosen because they are "safe" and reflect commercial good taste. But although there are no surprises, there are some excellent sculptures, and the choice of the outdoor settings is in almost every case remarkably successful. Two works that stand in water — a beautifully textured bronze fountain by Enzo Cucchi and Sandro Chia reflecting an interesting approach to the Italian baroque in heritance, and a statue by Emilio Greco — are especially well integrated into their surroundings.

The most popular sculptures with the tourists of Monte Carlo are Fernando Botero's giant bronzes of Adam and Eve, which have been placed on a terrace over-

looking the sea. A painter friend of mine believes that part of the attraction of Botero's work is due to almost everyone being made to feel thin in relation to his outside figures. Perhaps that is what was inspiring the crowd of very large people in very tight clothes I watched queuing to be photographed next to the sculptures.

Within a few minutes walk of each other, sheltered under the palm trees of the Casino gardens, are three interesting works. "The Little Theater" by Jean Arp is a satisfying bronze cut-out. The beautifully articulated "Three Part Object" by Henry Moore, executed in 1960, is a return to his early obsession with elephant bones and skulls. André Masson's "Brother and Sister," a powerful and humorous Surrealist composition, was executed in 1942 and cast in bronze in 1986. Another ten minutes' walk will take you past works by Karel Appel, Arman, Alexander Calder, César, Louise Nevelson, Arnaldo Pomodoro and George Segal.

Unfortunately, the most exciting sculpture in the show is also the least well-displayed. The loan agreement covering Isamu Noguchi's "Fullness with Void" stipulated that the work should be shown indoors, so it is in the atrium of the Casino, where the elaborate décor is out of keeping with the sobriety of the piece. To make matters worse, the sculpture is so heavy that the Casino floor is only strong enough to support it between the two pillars where it has been unhappily sandwiched. Although it is impossible to get an unobstructed view around the massive block of granite, one can still appreciate Noguchi's supreme respect and mastery of different textures.

Marisa del Re hopes that "Monte-Carlo Sculpture 87" will be the first in a series of biennial shows to be held in the principality. If Monaco hesitates before repeating the experiment, it will no longer be because it is nervous of public reaction but because of the disruption caused by the erecting of these gi-



Roy Lichtenstein's "Brushstroke" outside the Casino in Monte Carlo.

ant objects. I watched Roy Lichtenstein's nine-meter-high "Brushstroke," a mock-solemn triumphal arch and a splendidly playful piece, being installed in front of the Casino with enough machinery to build a medium-size skyscraper.

Charlotte Mosley is a Paris-based journalist.

Poet's Wartime Muse Unmasked at Last

By Michael Dobbs Washington Post Service

ONE of Washington's best kept wartime secrets has finally been revealed: the identity of the famous "Foreign Lady."

The mystery was born in Georgetown during the darkest days of World War II against the backdrop of a Nazi-dominated Europe; its central figures are a poet and his muse, separated in occupied Paris and reunited here by the hazards of war. It is also a love story.

The poet was Saint-John Perse, one of France's most celebrated imagists and also one of its foremost diplomats, who would win a Nobel prize for literature in 1960. The muse became the anonymous subject of his "Poem to a Foreign Lady," the only work by Saint-John Perse that makes specific reference to any woman other than his mother.

More than 40 years of speculation on the identity of the "foreign lady" has centered on a Spanish woman of aristocratic birth. But, as the result of some astute transatlantic detective work, it turns out that the speculation was wrong. The foreign lady was a Cuban of great intelligence and seductive charm, Rosalia Sanchez Abreu, known to her friends as Lilita. The daughter of a wealthy Cuban landowner, Lilita had played the role of literary muse for the tight little Parisian world of writers and poets.

It was in Paris, probably in the 1930s, that Lilita and Saint-John Perse met. Saint-John Perse, whose real name was Alexis Léger, was bitterly opposed to the Vichy government's policy of collaboration with Nazi Germany and refused the post of ambassador to the United States. In October 1940, five months after the fall of Paris, he fled his homeland for what would become a 17-year exile in Washington. He was 42.

The following summer, Lilita, then 54, arrived in America by way of Portugal and Cuba. She found a house in Georgetown and Saint-John Perse rented a small apartment a few blocks away.

The unraveling of the poetic puzzle has coincided with the 100th anniversary of Saint-John Perse's birth. "Lilita was the only woman who really counted in Saint-John Perse's life," said Sylvia Deszars de Montgaillard, who helped solve the mystery. "I don't think there is much doubt that they were lovers."

The wife of a senior French diplomat in Washington, Deszars stumbled onto the real identity of the "foreign lady" as the result of her family connections with the Spanish and Cuban aristocracy. Her discovery was confirmed by the publication in France earlier this year of a series of letters from Saint-John Perse. The relationship between Saint-John Perse and Lilita continued to her death in 1955 at the age of 69 after a long illness. Three years later, he married an American woman, Dorothy Milburn Russell.

In what could almost be an epitaph to the "Foreign Lady," the poet talked about his feelings for her in a letter to his sister Eliane in 1953. He wrote: "I want her to know that she will always represent the best of myself and that, whether she is aware of it or not, the deeply human link that unites us will remain for me quite exceptional until my death."

Dining Out

Advertisement for dining out in Paris, listing various restaurants and their addresses, including Dusseldorf, Tse Yang, Fontainebleau, Le Cadran Bleu, Kitty O'Shea's Pub, John Jameson, Mblifere, Diapason, Raffatini & Honore, Le Presbourg, and Le Bouddha D'Or.

COLLECTOR'S GUIDE

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DOONESBURY

Comic strip panels from Doonesbury, featuring characters like Duke and Gribble in a financial office setting.

AUCTION SALES

ART AUCTION 22nd to 30th September, 1987, Start 2 p.m. On View: 16th to 22nd September, 1987, 10 a.m. to 6 p.m. 22nd Sept., 87, Austrian Art of the 20th Century 23rd Sept., 87, Old Masters 24th Sept., 87, 19th Century Art 25th Sept., 87, Austrian Art Deco ceramics, Art Deco 28th Sept., 87, Icons, China, Arms 29th Sept., 87, Graphic Art, Furniture, Jewels, Judaica 30th Sept., 87, Faldore, Asiatica

INTERNATIONAL ART EXHIBITIONS

VALAURIS ATELIER SASSI-MILICI 65 bis, Ave. Georges-Clemenceau, 06220 Vallauris - Tel. 93.64.65.71 ANDRE BRASILIER Paintings & ceramics July 18th - September 15th, 1987. Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

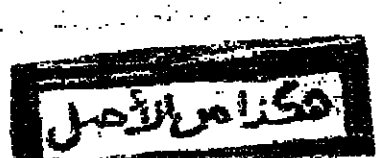




Table with columns for AMEX price, NYSE price, Canadian stocks, Currency rates, Commodities, Dividends, and various market indices.

SATURDAY-SUNDAY, AUGUST 29-30, 1987

ECONOMIC SCENE

Recession? Predict the Path Of A Falling Scrap of Paper

By LEONARD SILK
NEW YORK — President Truman longed for a one-armed economist who would not keep saying "on the one hand" and "on the other hand." So do virtually all other decision-makers in government and business.

But, as strong as the desire for unambiguous and unconditional forecasts may be, the real world is one of uncertainty and contingency, as shown by Kenneth Arrow, the Nobel Prize-winning economist at Stanford University.

Horace W. Brock, president of Strategic Economic Decisions Inc. of Menlo Park, California, and a former student of Mr. Arrow's, maintains that the inability of economists to make exact forecasts "should no more indicate that economists than physics should be indicted for the inability of physicists to predict the path of a scrap of paper falling from a desk top."

What it does imply, he believes, is that economists should build uncertainty into their models, and use their own and other people's judgment to make forecasts that at least tell decision-makers what the odds are on any outcome.

These days, with the bull market in stocks and the expansion of the U.S. economy more than five years old, the question worrying investors and business executives is: Will there be another crash? Mr. Brock breaks down the future like this: What will trigger the next recession? How bad will it be? How will the government respond? What will happen to interest rates, the dollar, stocks?

His S.E.D. group does not think that a U.S. recession is likely within the next year. It says that the probability of a recession before 1990 is 45 percent, less than even money. But it says, "One thing is certain: A contraction will come — most probably by surprise." When it does, the financial markets will be turbulent, and the careers of investment managers and traders will depend on whether they draw right or wrong inferences about the future.

AS THINGS look now, three events could start a recession: a credit crunch, in which a tightening of credit by the Federal Reserve forces businesses and banks to cut their investments; a financial crisis, which could result from a Third World debt crisis, a collapse of the "junk bond" market, bank failures, a collapse of Japanese stocks or a nosedive of the dollar; or an "autonomous" contraction of the economy stemming from an exhaustion of consumer spending, with real income stagnating and consumers overburdened with debt.

How severe will the recession be when it comes? The probabilities range from very severe to moderate. Some factors should, however, mitigate the severity of the recession: the Fed's resolve to prevent a serious slump; the growth of liquidity in housing and other asset markets as a result of financial innovations, and the advent of the service economy, with less cyclical fluctuation than in manufacturing.

As the S.E.D. calculates the odds, the severity of the next recession should be comparable to the average of all the recessions since 1920. That would mean an average drop of 6 percent in the real gross national product, which is twice as severe as the average recession since World War II.

The stock market, according to S.E.D., will fall more than usual, although it forecasts extremely different paths that the market may take. It sees a 40 percent probability that the Standard & Poor's 500-stock average would fall between 30 and 40 percent, a 25 percent chance that it would fall between 40 and 50 percent and a 15 percent chance that it would fall more than 50 percent — truly a crash.

But are such probabilities helpful or do they only compound the uncertainty facing the individual investor? Since no date is given for the recession that would spawn these stock market probabilities, the question that the investor faces is whether to hold on for extra gains until the recession is more clearly in sight or to get out early before the storm breaks.

Is calculating the odds helpful, or does it only compound the uncertainty? The answer depends on the investor's perspective and the level of uncertainty they are willing to tolerate.

IBM Sells Shares In Intel

Takes a Profit Of \$80 Million

By Our Staff From Dispatches
NEW YORK — International Business Machines Corp. sold 5.9 million shares of stock in Intel Corp. Friday, further reducing its stake in the Silicon Valley semiconductor maker that supplies it with some of its most important computer chips.

IBM said it will post an after-tax profit of more than \$80 million from the sale. A spokeswoman said the gain will be included in third quarter results. The value of the shares sold totaled \$310 million.

IBM said it retained 7.8 million shares of Intel stock as backing for some IBM securities issued in Europe last year that are convertible into Intel stock.

Under an IBM's Eurobond in February 1986, holders of the subordinated debentures can buy up to 7.8 million shares of Intel stock from IBM at \$38.50 a share.

Analysts said earlier that IBM had originally bought a stake in Intel because it wanted to have close ties to the company that made the basic chip for its personal computer line introduced in 1981.

Now that the personal computer business has grown up, they said, IBM no longer sees a large investment in the company as strategically necessary.

Analysts said, that at the time of the IBM purchase, Intel had been rebounding modestly along with the rest of the semiconductor industry.

On Friday, IBM closed at 166 1/2, up 1/4, on the New York Stock Exchange; Intel closed at 53 1/2, down 2, in over-the-counter trading. On Thursday, Intel hit a record high of \$55.50 a share. (Reuters, AP)

French Luxury Firms Seduce Giants For Family Concerns, Mergers Are Part of l'Art de Vivre

By Jacques Neher
Special to the Herald Tribune
PARIS — The first to dwindle were the little cheese stores and neighborhood groceries. Now, France's family-owned luxury goods companies have become an endangered species.

The family-dominated makers of gold pens, fancy perfumes, designer clothes, cognac and sports of other products for the world's rich and status-conscious have been falling into the hands of larger groups. The ones that remain are now facing increasing pressure either to sell out or risk being left behind in the dust.

Luxury companies that are considering alliances, have been acquired or have merged in recent months range from Louis Vuitton SA, the blossoming leather goods maker, to Chaumet, a bankrupt jewelry business that once outfitted monarchs.

"The future of the family-owned business has to change," said Jean Bergeron, executive director of Comité Colbert, a trade association representing 70 French luxury-goods companies that together account for 20 billion francs (\$3.3 billion) in annual sales. "They will be forced to become part of something much bigger."

He said that many of the association's members, some whose roots date back to the era of Napoleon, are now being courted. "I'm always being asked if I know anyone who wants to sell."

The companies are fetching premium prices, said Mr. Bergeron, who likened the situation to the interest showed in Silicon Valley companies a decade ago. "People are willing to pay 20, 25, even 30 times earnings to acquire luxury goods companies."

Indeed, mergers, sellouts and joint ventures in the art de vivre industry have dominated business news in France this year, with several groups emerging as eager to build empires by bringing

As was the case for YSL earlier this year, reuniting Givenchy clothing with its namesake perfume business would "give more power to the Givenchy brand," a Vuitton spokeswoman said.

On Wednesday, Vuitton itself will merge with Moët Hennessey SA, which groups the Moët & Chandon, Dom Perignon and Mercier champagnes, Hennessy cognac and Christian Dior perfumes.

The two companies had announced in June that they would join to form the world's largest luxury goods company, with combined sales of 13 billion francs (\$2.15 billion) and a workforce of 10,200.

Besides Givenchy, Vuitton markets a line of leather and luggage under the Vuitton brand as well as Veuve Clicquot champagne. It also has a minority stake in Guerlain perfumes.

Financière Agache, another empire builder in the prestige product sector, is moving fast. After acquiring the Christian Dior high-fashion business in 1984, Financière Agache launched the haute couture house this year of Christian Lacroix, the clothing designer he lured away from Jean Patou.

In July, Financière Agache bought Céline SA, a 42-year-old company known principally for its shoes and accessories. Céline's sales in 1985 topped 900 million francs.

The bankrupt Chaumet jewelry business, meanwhile, was acquired in July by Investcorp, an investment company founded in 1983 by Gulf investors.

Control was awarded to the Bahrain-based company after Chaumet's two co-owners, part of the ninth generation of the family that founded the business in 1780, were jailed on charges of fraud and abuse of confidence.



By Jacques Neher

Jobless Rate In Japan Fell To 2.7% in July

TOKYO — Japan reported Friday that its jobless rate fell to 2.7 percent in July from 3 percent in June, indicating a sharper upturn in the economy than many economists had expected.

"I was surprised by the figure," said Takashi Kiuchi, senior economist for Long-Term Credit Bank of Japan. "The economy is much stronger than we thought just several months ago."

The seasonally-adjusted unemployment rate had risen to 3.2 percent in May, the worst level since the government started compiling unemployment statistics in 1953.

As recently as June, economists had predicted that unemployment would remain above 3 percent for the rest of the year as Japan struggled to restructure its export-driven economy.

They expected fewer hirings and some layoffs in the export-related manufacturing industry to increase unemployment until the service industry could grow.

But the jobless figure now indicates the work force in declining industries is already being absorbed, one economist said.

Employment in manufacturing fell 2.9 percent in July from a year earlier, but employment in the service industry jumped 5.4 percent in the wholesale and retail industry 1.8 percent, the govern-

ment's Management and Coordination Agency said. Mr. Kiuchi said that the Japanese have become less gloomy about the future and are spending more, particularly on housing.

He said this was also spurring purchases of home-related goods such as furniture, electrical appliances and security systems. Japan also reported Friday that orders at its 50 largest construction firms in July surged 19.4 percent from the same month last year, the fourth straight monthly increase.

However, Mr. Kiuchi said he was reluctant to deem the economy to be in a long-term recovery because the improved situation in construction had been aided by government spending.

Although this helps put the economy on track, growth is still fragile, he said. The Trade Ministry reported Friday that industrial production rose a preliminary 0.3 percent, seasonally adjusted, in July from June. Production had risen 4.3 percent in June.

Consumer Prices Up 0.1%
Consumer prices in Japan rose 0.1 percent in July from a year earlier, the fourth straight monthly advance, according to the Management and Coordination Agency, Agence France-Press reported Friday from Tokyo.

Japan's Current Account Has Smaller Surplus for 3d Month
TOKYO — Japan's surplus in its current account, the broadest measure of a country's trade, narrowed to \$7.17 billion in July, the third consecutive monthly fall, the Finance Ministry said Friday.

The gain compared with surplus of \$8.09 billion a year earlier, and 7.5 billion in June. Ministry officials said the shrinking surplus was caused primarily by the 80 percent rise of the yen against the dollar since February 1985.

Moscow Bid to Join Textile Pact Linked to GATT

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — Administration officials reported that the Soviet Union was seeking to join the international organization that sets the rules for trade in textiles.

The 34-nation Multifiber Arrangement is administered by the General Agreement on Tariffs and Trade, and the officials said Thursday that the effort appeared to be another attempt by Moscow to enter GATT, which rebuffed a Soviet overture last year.

By again opposing the Soviet bid, Defense Secretary Caspar W. Weinberger has repeatedly warned that greater economic exchanges with the Soviet Union make it a greater threat militarily.

Last year, after Moscow formally asked to join the 94-member GATT, the organization that sets the general rules for world trade, the administration said that the Soviet trading system was "at fundamental, practical and philosophical variance with the principles and practices of GATT."

However, on March 6 at an East-West trade forum, the deputy secretary of state, John C. Whitehead, when asked about Soviet moves to join financial and trade organizations such as the GATT and the World Bank and the International Monetary Fund, replied: "We would like to see the Soviet Union become a member of all these international bodies."

Membership in the Multifiber Arrangement, which stimulates trade in textiles chiefly between developed and developing countries, has been used by other nations, especially China, to achieve ties with GATT.

China, which has observer status in GATT and is working toward full membership, has been a member of the Multifiber Arrangement for some years. Originally worked out in 1973

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The gain compared with surplus of \$8.09 billion a year earlier, and 7.5 billion in June. Ministry officials said the shrinking surplus was caused primarily by the 80 percent rise of the yen against the dollar since February 1985.

The margin of surpluses, particularly in the current account, is steadily on the decline, an official said. Current account measures such items as services and capital flows, as well as merchandise trade.

The merchandise trade surplus, on a balance-of-payments basis, widened for the first time in four months, to \$8.55 billion in July from \$7.98 billion in June, the ministry said.

Imports increased by 12.9 percent in July to \$10.99 billion, from \$9.73 billion a year earlier and from \$10.45 billion in June, bolstered by price rises for Japan's main import items, crude oil, the ministry said.

However, exports, led by cars, office equipment and communications products, surged to a monthly record of \$19.54 billion in July.

He also noted that merchandise trade fell from a year earlier, widened for the first time in four months, to \$8.55 billion in July from \$7.98 billion in June, the ministry said.

Morgan Stanley's senior economist, David Gerstenhaber, said that excluding gold and fuel, Japan's customs-cleared imports have been accelerating, growing more than 30 percent in June and July against a year earlier.

"The speed at which imports are expanding is leading to a sharp reduction in the current account surplus," Mr. Gerstenhaber said. (AFP, Reuters, UPI)

Currency Rates

Table showing currency rates for various countries including Australia, Canada, France, Germany, Hong Kong, India, Italy, Japan, Korea, New Zealand, Singapore, Switzerland, Taiwan, Thailand, UK, and US.

Other Dollar Values
Currency Par \$ Par \$

Table showing other dollar values for currencies like Argentine, Australian, Austrian, Belgian, Brazilian, Canadian, Chinese, Danish, Dutch, French, German, Greek, Hong Kong, Indian, Italian, Japanese, Korean, Luxembourg, Mexican, New Zealand, Norwegian, Philippine, Portuguese, Saudi, Spanish, Swedish, Swiss, Taiwanese, Thai, Turkish, and West German.

Forward Rates
Currency 30-day 60-day 90-day

Table showing forward rates for various currencies and their respective terms.

Interest Rates
Eurocurrency Deposits

Table showing interest rates for Eurocurrency deposits in various currencies and terms.

Key Money Rates

Table showing key money rates for various currencies and terms.

Asian Dollar Deposits

Table showing Asian dollar deposits in various currencies and terms.

U.S. Money Market Funds

Table showing U.S. money market funds and their performance.

Self-Reliant Dongguan Racks Up Export Orders Chinese County Is Seen as Open-Minded

DONGGUAN, China — The Chinese government has poured billions of dollars into its special economic zones to turn them into export powerhouses. But without fanfare or help from Beijing, Dongguan is chalking up export orders and earning more foreign currency than any county in China.

Western economists said that Dongguan had \$200 million in earnings last year from exports and processing fees, an impressive total considering that China's overseas sales totaled \$30.9 billion last year.

Dongguan, with a population of 1.2 million, is a collection of 32 townships in the rich delta in the southern province of Guangdong, about 60 miles (100 kilometers) from central Hong Kong.

It is home to 6,000 factories, nearly one-third of which finish goods mainly for Hong Kong companies, officials said. Once known chiefly for its lychees and bananas, Dongguan is now turning out shoes, leather products, processed foods and talking teddy bears.

"We are trying to attract foreign business," said Dongguan's deputy mayor, Liu Shuiji. "If you can make \$1 in Hong Kong," he boasted, "you can make \$2 in Dongguan."

In his quest to lure foreign business, Mr. Liu has adopted a Western view of how the economy should be run. He said that Milton Friedman, the U.S. monetarist, was his favorite economist.

Dongguan has not matched the export earnings of the nearby Shenzhen special economic zone, which Western economists estimated at \$800 million for 1986.

Bank Regulation Advocates Lose Ally When Proxmire Goes

By Anne Swardson and Kathleen Day
Washington Post Service
WASHINGTON — When Senator William Proxmire, chairman of the Senate Banking Committee, retires from Congress in 17 months, those who favor stricter government regulation of financial services will lose a powerful voice, industry and government leaders agree.

Mr. Proxmire, Democrat of Wisconsin, who announced Thursday that he will not seek re-election in the fall of 1988, will depart at a crucial time for the banking industry, which is undergoing a rapid restructuring as its members struggle to enter the securities, insurance and real estate industries.

The announcement comes just weeks after the Federal Reserve chairman, Paul A. Volcker, stepped down as chief of the Federal Reserve, the U.S. central bank. Mr. Volcker and Mr. Proxmire, two of

the most powerful federal overseers of the financial service industries, have been the most influential opponents in government of the Reagan administration's efforts to relax the 50-year-old laws separating banking from the securities industry and other types of businesses.

The Senate will be a lesser place without him," said the new chairman of the Fed, Alan Greenspan. Mr. Greenspan said that while he and Mr. Proxmire have had their differences over the years, "I have never questioned his integrity or his competence."

Adding to the uncertainty created by the departure of Mr. Proxmire and Mr. Volcker will be continuing questions about whether the House Banking Committee chairman, Ferdinand St. J. Germain, Democrat of Rhode Island, who is under investigation by the Justice Department for possible entertainment expense improprieties, will be fully effective during the next year.

Mr. Proxmire this year helped achieve passage of the first major banking bill in five years. The bill freezes the current hedge-podge of banking powers while Congress considers how to change the system permanently. That second bill is expected to address just how far bank companies may engage in securities underwriting.

In addition to that challenge, Mr. Proxmire has promised to pass legislation to restrict hostile business takeovers and to limit insider trading.

In a telephone interview Thursday, Mr. Proxmire said he is optimistic about the banking bill. "I think we really have momentum on this," he said.

Supply-Side Surprise
When in Washington, DC, meet me at Blackie's House of Beef

The Value Line brings you HARD FACTS ON 1700 AMERICAN STOCKS
The Value Line Investment Survey covers more than 1700 American stocks, which account for over 90% of all dollar trading volume in U.S. equity markets.







Mediaville! Don't Hold Your Breath

Friday's NYSE Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Div, Yld, PE, and Stock symbols. Includes (Continued) section.

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BUSINESS ROUNDUP

Astra Lifts Earnings By 6% in First Half

By Juris Kaza. Astra said first half sales, excluding license revenues, were up 9 percent to 2.6 billion kroner from 2.4 billion kroner a year earlier.

Swire Profit Rose 79% in Half

Compiled by Our Staff From Dispatches. HONG KONG — Swire Pacific Ltd., an airline and property company, said Friday that its net profit jumped 79 percent to 1.1 billion Hong Kong dollars (\$140.8 million) in the six months to June.

Li Ka-shing Companies Post Big Profit Increases

HONG KONG — Cheung Kong (Holdings) Ltd. and Hutchison Whampoa Ltd., property companies controlled by Li Ka-shing, Hong Kong businessman, reported hefty gains Friday in their 1987 half-year net profits.

A.C. Nielsen To Acquire Key Rival

New York Times Service. NEW YORK — Dun & Bradstreet Corp. said it was expanding its A.C. Nielsen market-research operations by acquiring Information Resources Inc., a test-marketing company, in a \$572 million stock swap.

ADT Agrees To Buyout by Hawley Group

Compiled by Our Staff From Dispatches. PARSIPPANY, New Jersey — ADT Inc. said Friday that it had agreed to be acquired by Hawley Group Ltd. of Britain for \$52 a share in cash, or a total of about \$715 million.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 28th Aug. 1987

Large table listing various international funds with columns for fund names, currencies, and prices. Includes sections for AMEX High-Lows and NYSE High-Lows.

NYSE High-Lows

Table listing NYSE high and low prices for various stocks.

AMEX High-Lows

Table listing AMEX high and low prices for various stocks.

3 French Nuclear Groups Near Joint Venture With Babcock

PARIS — Three French nuclear engineering groups are about to sign a joint-venture agreement with Babcock & Wilcox, the U.S. nuclear group, that would allow the European companies access to the U.S. market for nuclear fuel, the French companies said Friday.

CPC International Agrees to Sell Corn-Milling Business to Ferruzzi

ENGLEWOOD CLIFFS, New Jersey — CPC International Inc. said Friday it had signed definitive agreements to sell its European corn wet-milling business to Ferruzzi Agricola Finanziaria SpA, part of Italy's Ferruzzi group, for more than \$600 million.

HEBE DORSEY IN THE HIT EVERY TUESDAY WITH FASHION AND THE PEOPLE WHO MAKE IT — WORLDWIDE

Advertisement for Hebe Dorsey, a fashion brand, with text: 'HEBE DORSEY IN THE HIT EVERY TUESDAY WITH FASHION AND THE PEOPLE WHO MAKE IT — WORLDWIDE'.







CURRENCY MARKETS

Dollar Edges Up in Thin Trading

NEW YORK — The dollar closed fractionally higher Friday against most currencies in this end-of-month trading that did little to diminish the bearish sentiment that dragged the U.S. currency down in the past week.

The dollar was strong in the morning on reports of a reasonable amount of central bank intervention in Europe, said Varick Martin, vice president in foreign exchange at Union Bank of Switzerland.

That helped the dollar for a while, but the market remains bearish, that is quite clear.

In New York, the dollar traded as low as 1.8055 Deutsche marks. But it closed at 1.8115, up from 1.8095 on Thursday.

As for expectations that the market might test the 1.80 level, Mr. Martin said, "It's awful tough to test on Aug. 28 when there is not enough people around to make a go of it."

The dollar also closed in New York at 141.90 yen, up from 141.75; at 1.4930 Swiss francs, up from 1.4885; and at 6.0543 French francs, up from 6.0500.

London Dollar Rates

Table with columns: Currency, Rate, % Change. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

However, it was lower against the pound, which closed at \$1.6325, against \$1.6300 on Thursday.

Dealers in Tokyo said the Bank of Japan stepped into the market when the dollar reached 141.70 yen in the morning session and it remained in the market throughout the day.

Swiss and French central banks and the Bundesbank intervened during the early morning in Europe. The Swiss National Bank confirmed that the action was coordinated.

Traders said there was no evidence of central bank intervention in New York.

Despite the dollar's steady decline since the government report on Wednesday showing that the U.S. merchandise trade deficit had widened to \$15.7 billion in June,

Mr. Martin said the currency has "not broken out of the range established in February."

"The market has been reasonably stable," he said. "The reality is that we are still 1.80-1.85 against the mark," and we have been for six months."

Earlier in Europe, the dollar closed mixed, after gains as a result of central bank intervention were wiped out.

Dealers said that although the intervention had been highly visible, the amounts involved were modest and insufficient to stem bearish sentiment.

In London, the dollar closed at 1.8105 DM, up from 1.8095 DM at the opening, but down from 1.8125 at Thursday's close.

The dollar closed marginally higher against the yen, at 142.20, up from 141.55 at the opening and 142.00 at Thursday's close.

The dollar closed at 1.4905 Swiss francs, down from 1.4925, but was higher against the French franc, at 6.0575, against 6.0555.

The dollar was weaker against the pound, which closed at \$1.6330, against \$1.6290 Thursday.

(UPI, Reuters)

Talk of U.K. Joining EMS Is Premature, Analysts Say

LONDON — Market speculation that Britain will soon announce entry into the European Monetary System is premature, analysts say.

Reports from Paris that British entry might be on the agenda for a routine meeting of EMS finance ministers on Sept. 12 and 13 does not mean that Prime Minister Margaret Thatcher has softened her opposition to joining, they said Thursday.

The British Treasury said that membership was a separate issue from anticipated discussions on strengthening the EMS, an eight-nation system that limits exchange-rate fluctuations.

"Our position is unchanged," a Treasury spokesman said. "We will join when the time is right."

Some analysts dismissed the market speculation as rumor aimed at undermining the pound so that short-sellers could make a profit.

"Whenever they have an EMS meeting, all the old issues are trotted out," said Chris Johns, an analyst at the brokerage Phillips & Drew.

The pound came under pressure earlier this week partly as a result of the EMS rumors.

Jan Harwood of Warburg Securities said, "Prudence would dictate that we stay out" until "people are convinced the dollar has bottomed." Declines in the dollar tend to affect Deutsche marks more than other European currencies, straining the system, he said.

(UPI, Reuters)

U.S. Oil Prices Fall 27 Cents on Hope That Mideast Tensions May Be Easing

NEW YORK — U.S. oil prices fell Friday 27 cents a barrel in a technically driven market and on the belief that tensions in the Middle East are easing, oil traders and analysts said.

Analysts feared that the widening political rift between Saudi Arabia and Iran could jeopardize OPEC's year-long effort to stabilize world oil prices.

Reports that "Iran was entertaining a peace proposal caused the sharp sell-off on futures," said Madison Galbraith, a broker at Merrill Lynch Futures Inc.

October contracts for West Texas Intermediate, the U.S. benchmark crude, were down 27 cents a barrel to \$19.37 on the New York Mercantile Exchange.

Oil prices eased earlier Friday on world markets after a highly placed Saudi Arabian official said his kingdom was prepared to go to war if necessary against fellow OPEC member Iran.

Analysts feared that the widening political rift between Saudi Arabia and Iran could jeopardize OPEC's year-long effort to stabilize world oil prices.

Analysts said that New York prices also weakened on reports that the Iranian deputy foreign minister, Mohammed Jawad Larajani, had indicated in talks with a West German official that Tehran was willing to discuss a possible ceasefire with Iraq, which would ease tensions in the Gulf region.

The news agency of the Organization of Petroleum Exporting Countries said meanwhile Friday that the cartel had postponed meetings of two ministerial committees in Vienna from Sept. 7 to Sept. 10.

(UPI, Reuters)

LUXURY: French Firms Seduce Giants, Form Alliances

(Continued from first finance page) Moët-Vuitton merger was announced. Moët and the British brewer Guinness PLC said they had agreed to jointly distribute their premium spirits, champagne and cognac in the United States, Japan and the Far East.

Susanna Hardy, an analyst with the stockbrokerage James Capel & Co. in London, said that the distribution agreement could boost Moët's operating profit by as much as 200 million francs in 1988.

Martell & Compagnie, France's second-largest cognac maker, sold 10 percent of its stock in July to Grand Metropolitan PLC, the British food, beverage and hotel conglomerate. It said that the two companies would merge sales networks in Western Europe and Asia.

Analysts say that such combinations can help France's prestige companies hone their manufacturing and marketing strengths while increasing their access to international markets.

Executives said that the mergers also enabled them to consolidate shareholdings and fend off unwelcome raiders.

"Sure I was worried about our capital, why shouldn't I be," said Alain Chevalier, president of Moët-Hennessy, and the man who will head the merged Moët-Vuitton.

Mr. Bergeron of the Comité Colbert trade association said that the recent flurry of consolidation was positive for his industry.

"These mergers involve good names and good management, and that creates a tremendous potential for success," he said.

Georges Hibon, president of ST Dupont, a maker of cigarette lighters and pens, said that France's luxury goods industry had been functioning in "a pre-industrial era" in which many companies had "an easy life."

A decline in the dollar, oil prices and tourism last year affected sales to U.S. and Middle Eastern customers, Mr. Hibon said, requiring the companies to improve their

marketing and distribution to remain competitive.

Not all players in the industry are on the consolidation bandwagon. Jean-Jacques Guerlain of the Guerlain perfume house called the consolidation trend "a great problem."

"I hope these companies can find the means to stay independent," Mr. Guerlain said. "I don't think these financial companies can manage luxury goods."

Mr. Bergeron acknowledged that there was a "danger" that acquiring companies could be insensitive to the role played by founding families.

"The families are part of the gimmick; they are the goodwill of the company," he said. "You can't gamble with the ingredients of success."

Euro-Commercial Paper

Table with columns: Maturity (15-45 days, 46-75 days, 76-105 days, 106-135 days, 136-165 days, 166-185 days), Issuer, Bid, Ask, Yield. Includes issuers like Citicorp, Citicredit, etc.

Japan's Net Buying of Foreign Bonds Slides

TOKYO — Net purchases of foreign bonds by Japanese investors fell sharply to \$8.94 billion in July from a record \$12.34 billion in June, a Finance Ministry official said Friday.

The steep decline reflected the fall in U.S. bond prices and narrower interest rate differentials between Japan and the United States, he said.

Net purchases of foreign bonds in August are expected to be smaller than July, he added.

He gave no details, but said Japanese investors held off from buying U.S. bonds in early August ahead of the Treasury's mid-month quarterly refunding.

In the latter half of August, Japanese investors were discouraged from buying U.S. bonds by the dollar's tumble after the quarterly auctions, the official said.

Gross purchases of foreign bonds, excluding all

kinds of bills, stood at \$11.48 billion in July, against \$129.14 billion in June. Gross sales of foreign bonds were \$102.54 billion, against \$116.81 billion. The figures do not tally, because of rounding.

Net sales of foreign stocks by Japanese investors fell to \$1.46 billion in July from \$1.6 billion in June, the ministry official said.

Gross sales hit a record, but purchases were also heavy, suggesting that investors actively traded during the month in search of capital gains as Wall Street shares rose, the ministry official said.

Gross sales of foreign stocks were \$4.98 billion in July, up from \$3.62 billion in June and surpassing the previous record of \$3.87 billion set in March this year.

Gross purchases rose to \$6.44 billion in July, the second highest total ever, from \$5.22 billion in June.

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table of OTC prices for various stocks including ABC, AIG, AIZ, etc.

Table of stock prices for various companies including ABC, AIG, AIZ, etc.

Table of stock prices for various companies including ABC, AIG, AIZ, etc.

Table of stock prices for various companies including ABC, AIG, AIZ, etc.

Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Mediaville! Don't Hold Your Breath. David S. Broder. Here's a... (Vertical text on the left margin)



**ACROSS**

1 Conical masses of sugar  
7 Driving force  
12 An inflorescence  
16 Capital of Ghana  
21 Lead astray  
22 Valentino's film realm  
23 Bumpkin  
24 More uncommon  
25 Tool for a P.I.  
28 Costa  
29 Group in the Philippines  
30 Hayes or Harding  
31 Busy place  
32 Drowse  
34 Toward the mouth  
35 Richardson opus: 1740  
37 Shoshonean  
38 Spots on TV  
41 Light machine gun  
42 Subjects of Asturias  
43 Some team players  
48 Where to place statuaries  
50 India's Mutiny: 1857-58  
51 Shelters for Devons  
52 Neckpiece  
53 Sound of an artist?

**DOWN**

1 Winner of the 1964 British Open  
2 Sep (hurry)  
3 One of the Aleutians  
4 Eau de  
5 Unhappy nymph  
6 Large whitecap  
7 Native of Navigators Islands  
8 Set foot on  
9 Get just  
10 Away: Abbr.  
11 Poem by R.L.S.  
12 Whence an Anne halted  
13 Music for Heids

**ACROSS**

57 Channel followers  
58 Cries of the bacchanals  
59 Motorists' havens  
61 Full of substance  
63 Day, in Hawaii  
64 Type of the typewriter  
65 Lashes hair  
67 A shade of red  
68 Dice for a bandleader?  
72 Strongly built cars  
73 "It's a dreamer, we all!"  
74 Sphere  
75 He recorded "Mack the Knife"  
76 Like pearls on a necklace  
78 Prop for an "Oscar" winner?  
84 Surveying method  
85 Galsworthy novel  
86 Escape  
87 Law, to Pliny: Var.  
89 Famed photographer  
90 Sutherland offering  
91 Town ESE of Salerno  
92 Kitchener in appliance

**DOWN**

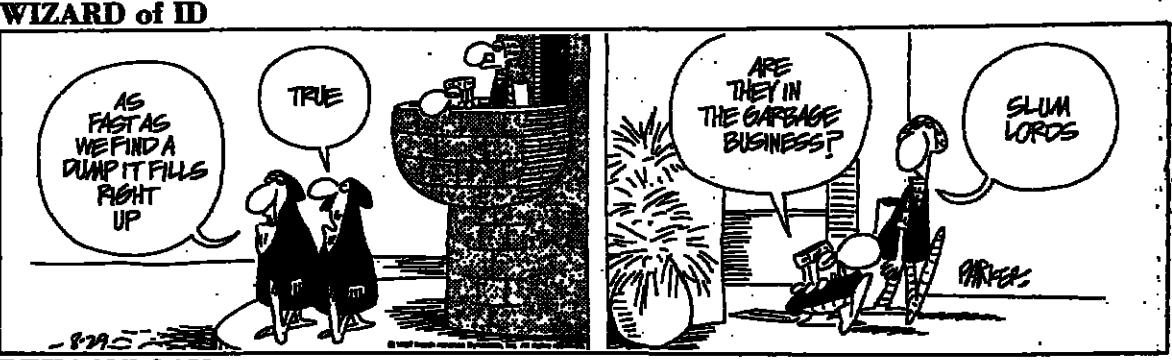
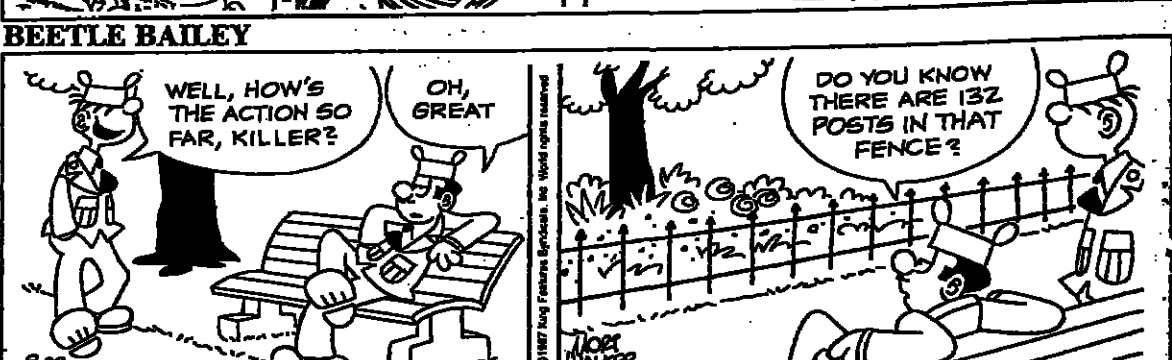
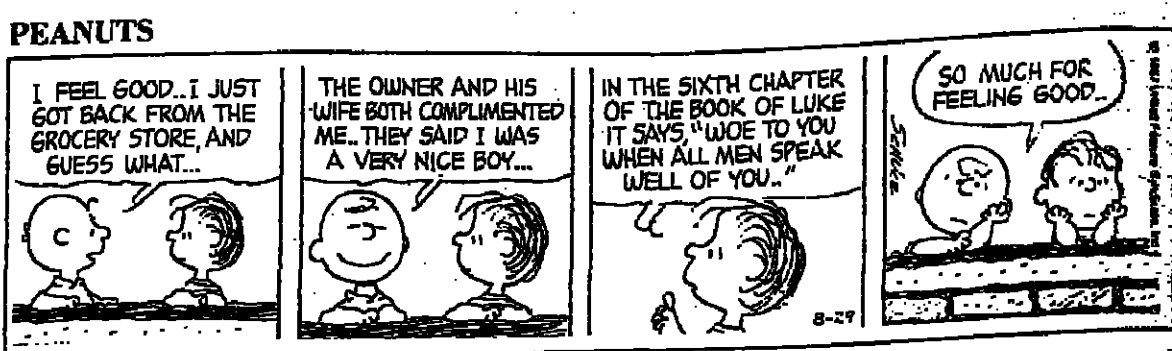
14 Phiz  
15 Seasons in St.-Lé  
16 Early spring bloomer  
17 Mayor Eastwood's town  
18 Crosspatch  
19 Dream, in Dijen  
20 Sandarac  
26 Wet sub-stratum  
27 Tars in Elizabeth II's "naeve"  
33 Racing sled  
35 Squashes, e.g.  
36 Indo-Europeans  
38 Actress  
39 One who banters

**ACROSS**

94 T-man  
95 Drink for a writer?  
99 Debussy's "Air de..."  
100 "Tippecanoe" author: 1916  
102 Above  
103 Italy's Lago  
104 Diamondback  
106 Rumanian name for a city on the Dnestr  
107 Part of a shoe  
109 Fasten with filament  
110 Room for Scheherazade  
111 Impede  
113 Circus follower  
114 Throwback  
118 Becomes ripe  
119 Did some mending  
121 "Bel-..."  
124 Some Surrealistic paintings  
125 Tufts of ice for a poet?  
129 -acids  
130 French possessive  
131 Heroine of Poe's "The Sleeper"  
132 Item in a first-aid kit  
133 Stoop  
134 Tree of Trinidad  
135 Intimidated  
136 Recipe in Turkey

### Spinoffs By Bernice Gordon

© New York Times, edited by Eugene Malachuk.



**DOWN**

14 Phiz  
15 Seasons in St.-Lé  
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27 Tars in Elizabeth II's "naeve"  
33 Racing sled  
35 Squashes, e.g.  
36 Indo-Europeans  
38 Actress  
39 One who banters

**DOWN**

62 City in Knox Co., Mo.  
64 Contralto Nikolaidi  
65 - almond (ice-cream flavor)  
66 Swedish musical group  
67 Robert, of stage and screen  
69 Gains by a fullback  
70 Spread a rumor  
71 Apex of Mt. Saint Helens  
72 Villain in an oster  
75 Cave out  
76 Prop for George Burns

**DOWN**

77 Dental problem  
78 Part of a place setting  
79 Name of five kings of Norway  
80 Revived by a revivalist  
81 City in Portugal  
83 Fort  
84 Verb used in the Bible  
85 Author Thomas and family  
88 Coat antelope  
90 Spore sacs  
91 Girl in "Silas Marner"

**DOWN**

92 Invitation initials  
93 Fortas or Burrows  
96 Radioactive nucleus  
97 Living in a world of  
98 Builder of two temples at Abu Simbel  
100 Dorothea Payne's second husband  
101 Nos. men  
105 Nomatic  
106 Greek goddess of health  
107 Skilled, with "in"

**DOWN**

108 "... We Got Fun?"  
112 Small drum  
113 A river at Lyon  
114 Coarse fiber  
115 Lacking excitement  
116 Et follower  
117 Cable car  
119 A Barrymore  
120 Racecourse: Comb. form  
121 Eastern potatoe  
122 Writing-on-the-wall word  
123 "... it down": Hamlet  
126 Indian of Okla.  
127 To's partner  
128 Mount in Crete

### CLOAK & GOWN:

Scholars in the Secret War, 1939-1961  
By Robin W. Winks. 607 pages. Illustrated. \$22.95. William Morrow, 105 Madison Avenue, New York, N. Y. 10016.

### BOOKS

in detail is the use of the university library at Yale as a front for gathering documentary material from Nazi-occupied Europe via Istanbul.

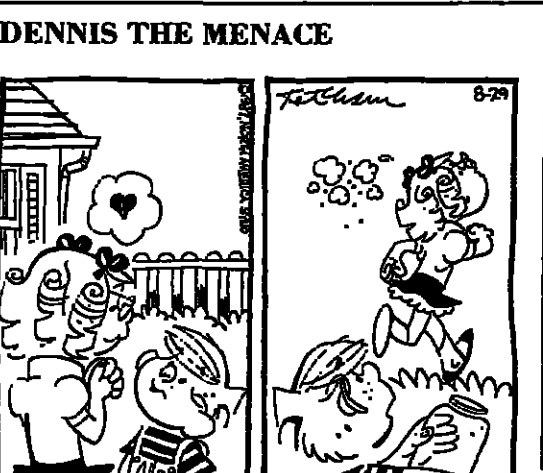
Reviewed by John Gross

THE 10 men who helped to found and build up the Central Intelligence Agency had strong links with academia — with a handful of Ivy League colleges in particular, and above all with Yale. It seems only appropriate that the grounds of the agency headquarters in Langley, Virginia, should be known to those who frequent them as "the campus," and that in front of the main building there should stand a replica of the statue at New Haven com-

memorating Nathan Hale, "the first American spy" (as he has often been called) and a member of the Yale class of 1773.

Robin W. Winks, who teaches history at Yale, has written a study of the CIA and its World War II predecessor, the Office of Strategic Services, in terms of the Yale connection.

The opening chapters of "Cloak & Gown" trace the genesis of the links between Yale and the OSS, the growth of the OSS information division under the directorship of the celebrated bibliophile Wilmarth Sheldon Lewis, and the key wartime role played by two Yale historians, William L. Langer and Sherman Kent, in shaping the general development of intelligence research. One episode exam-



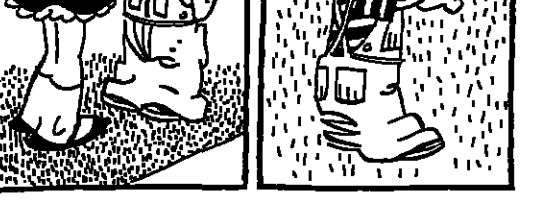
### Solution to Last Week's Puzzle

John Gross is on the staff of The New York Times.

### World Stock Markets

Via Agence France Presse Closing prices in local currencies, Aug. 28.

Market	Index	Change
Amsterdam	1,875	+18
Brussels	1,875	+18
Frankfurt	1,875	+18
London	1,875	+18
Paris	1,875	+18
Stockholm	1,875	+18
Zurich	1,875	+18



### WEATHER

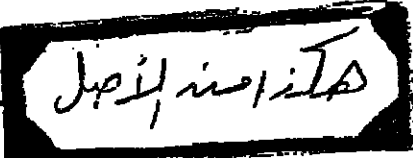
Region	High	Low
Europe	65	45
Asia	85	65
North America	75	55
South America	85	65
Africa	95	75
Oceania	85	65

### World Stock Markets (Continued)

Market	Index	Change
Bombay	1,875	+18
Calcutta	1,875	+18
Colombo	1,875	+18
Delhi	1,875	+18
Hyderabad	1,875	+18
Madras	1,875	+18
Rangoon	1,875	+18
Singapore	1,875	+18
Tokyo	1,875	+18
Hong Kong	1,875	+18
Manila	1,875	+18
Seoul	1,875	+18
Taipei	1,875	+18
Beijing	1,875	+18
Peking	1,875	+18
Shanghai	1,875	+18
Tientsin	1,875	+18
Yokohama	1,875	+18







SPORTS

A Duel Shapes Up in the 100-Meter Sprint

Compiled by Our Staff From Dispatches
ROME — The waiting is almost over for the world's top athletes. At the unreasonably early hour of 9:30 on Saturday morning, a shot from the starter's pistol will crack across the vast bowl of the Olympic Stadium, launching the opening heats of the men's 100-meter event and heralding the start of the World Track and Field Championships.

who won three golds at these championships in 1983 and four in the Olympics in Los Angeles a year later — stands on the verge of being proclaimed the world's fastest man. Johnson finished third behind Lewis and Sam Graddy of the United States at the 1984 Olympics, but has beaten Lewis in their four meetings in the past two years.



Carl Lewis, above, in Rome announcing a new endorsement contract for sporting goods, while Ben Johnson, right, signs autographs.

It is appropriate that the first set of races on the newly completed track at this historic stadium should be the 100 meters. Although later Saturday morning, shot putters, high jumpers and other runners will be staking early claims to their crowns, it is the 100 meters that has captured the attention of the world's media and fans alike.

WORLD CHAMPIONSHIPS

The two men are a contrast in styles in almost every way, and despite weeks of denying mutual animosity towards each other, it is difficult to imagine them sitting down at a table together and enjoying each other's company over a fine meal with chilled wine. For where Lewis is self-confident, debonair and stylish, Johnson is rugged, ragged and tough. When Lewis flies down the track like an arrow, Johnson rumbles like mid-night thunder. Where Lewis has an up-beat public relations image, signing record deals and talking like a talk-show host, Johnson is shy and awkward with the press.

Lewis and Johnson have met only once this season, at Seville, Spain, on May 28. Johnson was awarded victory by one-hundredth of a second, after Lewis claimed the race as his.

There was also discouraging news from Siegi Wenz of West Germany, the 28-year-old who finished third behind Daley Thompson of Britain and compatriot Jürgen Hingsen at the 1983 Worlds.



Ben Johnson, right, signs autographs.

Expos Shut Out Padres, 3-0

Compiled by Our Staff From Dispatches
SAN DIEGO — Montreal's Bryn Smith wasn't sure he could pitch at all when he took the mound. Then inspiration got the best of him.

Spurred on by a come-from-behind victory 24 hours earlier and the race in the National League. The shoulder's basically kind of worn down. Now, it's back in the rebuilding phase," Smith said. "It seems to be coming back real good. There was no pain."

Brett's Homer Wins Game For the Royals' New Coach

KANSAS CITY, Missouri — Hired to provide the leadership to bring Kansas City a division title in 36 games, John Wathan got the first one out of the way dramatically. Wathan watched as his former teammate and roommate, George Brett, homered with two out in the bottom of the tenth inning Thursday night to give him a 3-2 victory over the Texas Rangers in his managerial debut.

Carter-Gladman Draft Delayed

By Michael Goodwin
NEW YORK — The National Football League has postponed a supplemental draft involving Cris Carter and Charles Gladman after Pete Rozelle, the football commissioner, and a group of college athletic directors agreed to give the National Collegiate Athletic Association a chance to restore the players' college eligibility.

with a Pitt inquiry into whether he had accepted money from Walters. He has denied any involvement with an agent.

NCAA officials emphasized that Austin, who had cooperated with Pitt's inquiry, did not escape punishment. He will not be permitted to play in Pitt's first two games and he must meet two conditions before he resumes playing.

BASEBALL ROUNDUP

East, the right-hander overcame a sore shoulder and became just the second Expos starter to win this month. Smith, who had elbow surgery in the off-season and had not started in eight days because of an aching shoulder, checked the San Diego Padres on four hits over five innings Thursday night for a 3-0 victory.

SCOREBOARD

Table with columns for Baseball, Major League Statistical Leaders, and Thursday's Major League Line Scores. Includes team names, scores, and key player statistics.

Transition

PHILADELPHIA — Placed Brad Booth, defensive back, on the injured reserve list. PITTSBURGH — Acquired Ken Woodard, linebacker, from Denver for an undrafted free agent.

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Baseball

Table with columns for Major League Statistical Leaders. Lists player names, teams, and various statistical categories like batting average, home runs, and RBIs.

Baseball

Table with columns for Thursday's Major League Line Scores. Lists team names, scores, and key player statistics.

NFL Football

Table with columns for Exhibition Standings. Lists team names, wins, losses, and ties.

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SPORTS BRIEFS

Bobby Wadkins Leads in U.S. Golf

AKRON, Ohio (AP) — Bobby Wadkins tied a record on the way to a 6-under-par 64 and a three-stroke lead Thursday in the first round of the World Series of Golf.

Former Eagle Indicted in Drug Ring

PHILADELPHIA (AP) — Dennis Franks, a former center for the Philadelphia Eagles and briefly for the Detroit Lions, was among 15 people indicted Thursday on charges of participating in a cocaine ring.

Meadowlands to Conduct Hazard Tests

EAST RUTHERFORD, New Jersey (AP) — The New Jersey Sports and Exposition Authority announced Friday that it would conduct environmental testing around the Meadowlands sports complex to allay fears that people have been exposed to health hazards.

Quotable

Ivan Lendl, applicant for U.S. citizenship, on John McEnroe's comment that playing on the same Davis Cup team would be tough to swallow: "With his mouth, it's hard to imagine him having difficulty swallowing anything."

Major League Standings

Table with columns for Major League Standings. Lists team names, wins, losses, and percentages.

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